straker TRANSLATIONS

ANNUAL REPORT 2019

ASX:STG

STRAKER TRANSLATIONS GROUP

ASX:STG
STRAKER TRANSLATIONS GROUP

Ai POWERED
RAY

Straker is a world-leading Ai data-driven language translation platform powering the global growth of businesses

Contents

What we do

Straker helps leading technology companies streamline and scale their ability to communicate across regions

Straker enables thousands of SME's to cost-effectively cross-border trade without language as a barrier

Straker works with major e-commerce providers to localise their product websites into multiple languages

Straker helps major financial institutions deliver quarterly market reports in multiple languages

Straker enables global media companies to provide content in multiple languages across multiple platforms

Straker provides leading global manufacturers with the ability to easily launch new products into multiple markets

We enable the translation of documents, websites, technical manuals and e-commerce platforms for both large and small businesses across a range of industries

Highlights

Achieved Prospectus FY19 forecasts[1]

44%
YOY revenue growth

$25.8m
Pro-forma revenues

($0.16m)
Adjusted EBITDA[2]

12.6%
Organic revenue growth

82%
Repeat revenue

$17.7m
Cash at bank

52.4m
Words translated on RAY Ai Platform

Ai POWERED
RAY

Powering the global growth of businesses

1. Straker achieved Revenue, Adjusted EBITDA, EBITDA and EBIT forecasts on a Pro-forma basis. For details see pages 16 and 22

2. Adjusted EBITDA is a non-IFRS measure. Refer to pages 16 and 22 for reconciliation and explanation to IFRS financial information

Chairman's Report

Dear Shareholders,

It is my privilege as Straker's Chairman to write to you on behalf of your Board in our first Annual Report for shareholders since listing on the Australian Securities Exchange (ASX) in October 2018.

Straker offers a world leading Ai data-driven language translation platform that powers the global growth of businesses. We operate in an exciting industry, with the global market for language translations expected to reach US$66 billion in size by 2022 from US$47 billion today.[1]

Our listing on ASX provided Straker with a strong balance sheet to support the Company's global growth strategy and deliver on the potential outlined in our Prospectus.

Achieved Prospectus forecasts for the 12 months ended 31 March 2019 (FY19)

On a Pro-forma basis:

- Revenues of $25.8 million, up 10.2% on FY18 and ahead of forecast by 3.7%
- Adjusted EBITDA loss improved year-on-year 69% to ($0.48 million)
- EBIT loss improved 34% year-on-year to ($1.4 million), on an adjusted basis ($0.95 million) *
- Operating cashflow up 31% in FY18.

On a Statutory basis:

- Operating loss before acquisition and IPO costs improved by 60% on FY18 to ($0.8 million)
- Operating loss before net finance income was ($4.02 million), which included the impact of the IPO, acquisition costs, amortisation of acquired intangibles and re-structuring costs.

Successfully executing the M&A growth strategy

Underpinning our growth strategy is the opportunity to capture the identified growth potential in a fragmented global language service industry, where the top 100 service providers (including Straker) only account for 15% of the global market.

Our strong performance in FY19 was driven both by a continuation of our organic growth and the continued successful execution of our M&A programme, having acquired MSS, Eule and COM Translations during the year.

Not only have we successfully undertaken several strategic acquisitions, the management team has done a tremendous job in successfully integrating those acquisitions and lifting earnings in the businesses acquired.

The previous acquisitions of Eurotext and Elanex have both experienced substantial uplifts in their EBITDA margins following their integration onto Straker's Ai powered RAY technology platform, and we are excited by the potential for uplift in MSS, Eule and COM Translations.

Well-positioned for strong growth in FY20

We expect FY20 to be another year of strong growth for Straker as we continue to deliver on our five-point growth strategy:

- Attracting new enterprise customers
- Increasing transactional revenue
- Integration into content platforms
- Increasing penetration of existing customers
- Further acquisitions.

We operate in a global market with attractive underlying growth fundamentals, which will underpin continued organic growth in our business over FY20.

At the same time, we will see a full year of earnings included for the businesses we acquired in FY19 – MSS, Eule and COM Translations.

As we have delivered with Eurotext and Elanex, we expect to lift the EBITDA margins of our newly acquired businesses by successfully integrating them onto our RAY Ai powered technology platform.

We do not plan on slowing down our M&A strategy given the potential acquisition opportunities we see in our industry and our ability to deliver improved services and value to customers.

All of this will help us expand our customer base, grow top-line revenue, implement operational efficiencies through our RAY Ai powered technology platform, improve gross margins, and further strengthen our position in the global translations industry.

A great team

Our CEO and Co-founder, Grant Straker, has done a tremendous job in leading the business through a period of substantial change over the past 12 months. In addition, our highly talented employees across our 7 offices around the world are a key asset, and the results we have been able to achieve are testament to their dedication, commitment and passion.

On behalf of the Board, I would like to thank all of our team for delivering on the opportunities we saw over FY19 and positioning the business for continued growth in FY20 and beyond.

I would also like to thank my fellow Directors for their support over a very busy past 12 months as we listed on ASX and continued to grow organically and through acquisition.

Lastly, I would like to thank you, our shareholders, for your support and vote of confidence in the business and its team. We look forward to delivering on the opportunities we see for the business moving forward and growing shareholder value.

Yours sincerely,

Phil Norman
Chairman

[1]Source: nimdzi 2018 language services market analysis
* Adjusted basis excludes non-recurring costs and amortisation on acquired intangibles

CEO Report

Dear Shareholders,

I am very pleased to report that Straker's strong historical growth continued in FY19, a year that also saw us:

- list on the ASX in October 2018
- acquire three strategic bolt-on businesses
- successfully integrate two previous acquisitions undertaken in FY18
- achieve our Prospectus forecasts for FY19.

The successful year we had would not have been possible without a great team and supportive Board. I want to thank all the Straker team for the tremendous results we have been able to achieve in a milestone year for our business.

Strong top-line revenue growth

Revenue over FY19 was up 44% to $24.6 million, ahead of our Prospectus forecast. This strong revenue result was driven by organic growth in EMEA and APAC, as well as contributions from the three companies Straker acquired during the year.

Improving earnings, moving closer to break-even

Reflecting the strong growth in revenue and a focus by management on ensuring the cost base is managed effectively, Adjusted EBITDA* was ($0.16 million).

Investing in our technology platform

Over the past year we have enhanced our product offering and further invested in our unique "RAY Ai" data-driven artificial intelligence platform. RAY Ai provides Straker with a key competitive advantage in the global translations market, and further strengthens our technology capabilities, which will drive ongoing growth in market share.

To give you a sense of the growing volume of work we manage, we translated a total of 52.4 million words during the last year, adding an additional 100 million data points to our Platform, up 18% from 31 March 2018. Our customers are receiving a premium service across multiple languages at an increased speed, which we believe to be crucial for them as global markets continue to expand, and technology plays a greater part in our industry.

Successfully acquiring and integrating strategic businesses

Our development of a structured process to identify, acquire and integrate businesses has been crucial for Straker's overall growth strategy. With two successful acquisitions completed in FY18 and a further three in FY19, we are starting to see the benefits from economies of scale flow through to an improved margin.

Each additional acquisition allows us to further leverage the capabilities of our RAY Ai Platform, improve customer experience, provide more accurate translations at a faster speed, and support greater repeat business from customers as seen by the high levels (82%) of repeat revenue we are now generating.

Over FY19, we successfully completed the acquisitions of MSS, Eule and COM Translations, while also successfully completing the integrations of Eurotext and Elanex. Our focus for FY19 was to successfully integrate our three more recent acquisitions, while also identifying and acquiring other strategic translation businesses that add value to our customers and grow shareholder value.

Positive outlook for FY20

Our main focus for FY20 is to not diverge from what we do well. We will continue to deliver what we believe is best in class technology for the global translations industry, attract larger customers, provide more services to our existing customers, and further enhance our technology platform.

We expect revenue and earnings to grow strongly in FY20 reflecting:

- ongoing organic growth within our business
- inclusion of a full year of earnings from the three businesses we acquired in FY19
- benefits from the successful integration of these acquired businesses flowing through
- further potential acquisitions

Our balance sheet is strong, with $17.7 million cash and no debt, and supports the growth strategy we are delivering on. We look forward to delivering further growth for our customers, staff and shareholders over the coming year and beyond.

Yours sincerely,

Grant Straker
CEO and Co-founder

*Adjusted EBITDA is a non-IFRS measure. Refer to page 21 for reconciliation and explanation to IFRS financial information

Powering the global growth of business

Many of the big opportunities for business globally are in emerging markets. With the growth of e-commerce and the internet making it easier to launch products into new markets, the growth in global content continues to accelerate. There are now over 4 billion internet users in the world and more than 90% are in countries where English is not the native language.

For companies looking to sell more internationally, streamlining, speeding up and simplifying the translation process are all critical decision criteria when selecting a vendor. Providers that can offer advanced technology along with a global service delivery capability are attractive to these companies and this is where Straker has strongly differentiated itself in the translation services eco-system. Existing providers with legacy systems and a lack of global service capacity will increasingly struggle to deliver the translation solutions customers are looking for, and this presents a very large opportunity for Straker.

We have proven our ability to deliver advanced translation process automation cost-effectively and at scale for some of the world's leading global companies. Our data-driven systems, made possible through our unique approach to solving and scaling the translation of documents, websites, technical manuals, videos and much more, has enabled our customers to grow their international operations faster.

Looking forward, we see a growing need for both SMEs and large enterprises to use our technology and services to enable seamless growth without communication as a barrier.

Advantage through proprietary RAY Ai Platform

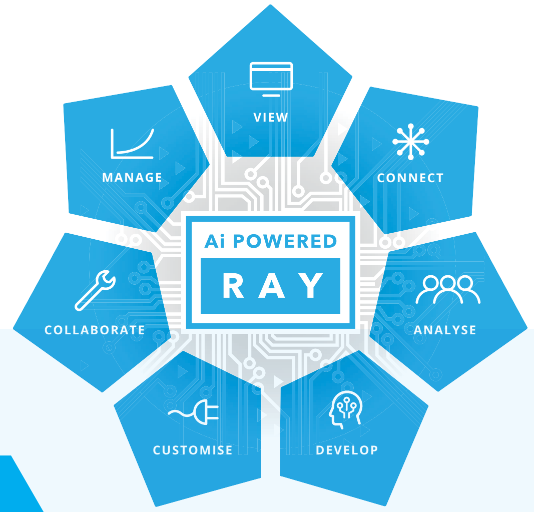
One of the keys to our success has been our focus on how technology impacts the translation industry, and how ultimately the mix of machines and humans speeds up the translation process, producing the same quality outputs as humans alone.

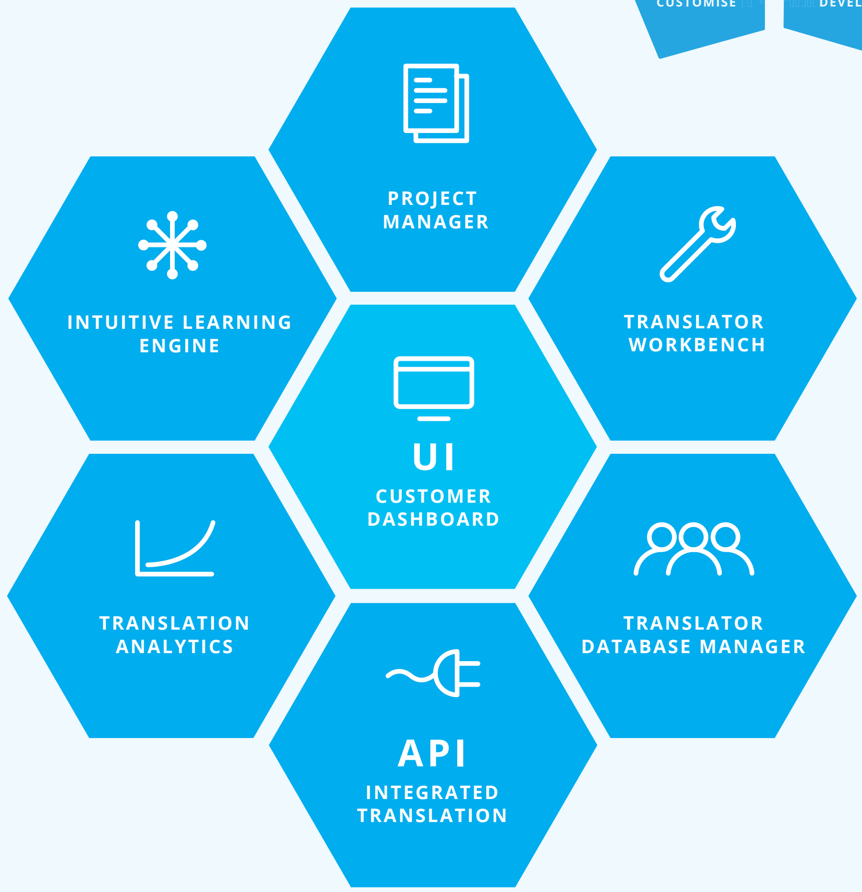
To reach this goal we needed to develop a world-class platform that would allow humans and machines to work together in the most effective way, allowing big data assets to be collected so they can be used to train machines further, and for the selection of the right vendors.

Along with this, we needed to build a platform that could automate the process of getting content into and out of the system and make it extendable so that we could build custom on-ramps for enterprise customers.

Our RAY Ai Platform does all of this and more, making it one of the most comprehensive translation platforms available today, giving us the ability to offer our unique data-driven translation solutions.

RAY allows us to have one global team all working on the same system, which drives operating efficiency and allows us to acquire companies and to have a "One Team, One Platform" approach across all our offices.





Board of Directors

Phil Norman
Independent Non-Executive Chairman

Phil was appointed the Non-Executive Chairman of Straker on 13 January 2014.

He was the founding chairman of Xero Limited, one of New Zealand's most successful listed technology companies, and retired from Xero's Board in July 2012 after five years' service.

Phil's other current director roles include the Independent Chairmanship of Loyalty New Zealand Limited (New Zealand's largest loyalty company and operator of Fly Buys), Chair of NZX listed Plexure Group Limited (NZX:PLX) (a marketing services software company) and Chair of AUT Ventures Limited (the commercialisation arm of AUT University).

Phil is a past Chairman of the New Zealand Private Equity and Venture Capital Association and was for six years a member of New Zealand Trade and Enterprise's New Zealand Beachheads Advisory Board.

Phil holds an MBA from the University of Auckland and is a Chartered Member of the New Zealand Institute of Directors.

Grant Straker
CEO and Co-founder

Prior to founding Straker in 1999, Grant served in the British Army as an elite paratrooper.

As a co-founder of Straker, Grant has extensive experience in the language translation market.

Grant was appointed to the board on 21 December 1999.

Grant's wide-ranging technical, sales and business skills, combined with his strong entrepreneurial drive, have placed him in an ideal position to help accelerate the growth of Straker.

Grant is a member of the NZ Institute of Directors.

Along with Merryn Straker, Grant was the winner of the 2018 master category for NZ Entrepreneur of the Year.

Tim Williams
Independent Non-Executive Director

Tim was appointed a Non-Executive Director of Straker on 24 June 2015.

He founded ValueCommerce Co. Ltd in 1996.

Tim is one of the original pioneers in the Japanese internet and advertising industry. His vision and record of achievement are demonstrated by the success and growth of ValueCommerce Co. Ltd. Tim founded ValueCommerce, an internet affiliate marketing company, selling a 49% stake to Yahoo Japan in 2005. Subsequently in 2007, ValueCommerce was listed on the Tokyo Stock Exchange.

Tim is also a Director of The Icehouse, The University of Auckland's technology incubator, and is a General Partner in The Icehouse linked fund Tuhua Ventures, which invests in high-growth start-ups in New Zealand.

Tim holds a Bachelor of Science (Hons) in molecular genetics from the University of Canterbury.

Katrina Johnson
Independent Non-Executive Director

Katrina was appointed a Non-Executive Director of Straker on 3 July 2018.

Katrina has over 15 years of specialist in-house legal experience within technology companies, including executive leadership and board member roles.

Katrina joined Uber in April 2015, after spending 12 years with the eBay group of companies in Australia and the United States. She now leads Uber's Legal Team for Asia Pacific and is a member of Uber's APAC Regional Leadership Team.

Katrina was an Independent Non-Executive Director of publicly-listed Trade Me Group Limited from June 2016 until May 2019, when Trade Me was privatised.

Katrina holds a Bachelor of Arts and Bachelor of Laws (Hons) from Macquarie University, and a Graduate Diploma of Legal Practice from the College of Law, New South Wales. Katrina is a member of the Australian Institute of Company Directors.

Steve Donovan
Non-Executive Director

Steve was appointed a Non-Executive Director of Straker on 1 December 2004.

He is a former partner of Ernst & Young. He qualified as a Chartered Accountant in the UK and has operated within the IT and finance industry in New Zealand for a number of years.

Steve has significant experience as a director and investor in the SME sector in New Zealand, including a Finance Director role at accounting software provider, Greentree Software Group, which was sold to MYOB in 2016. Other current directorships include, Buro Seating Limited (office chair wholesaler) and New Zealand Pure Dairy Products Limited (infant formula manufacturer).

Steve is Straker's former Chief Financial Officer and has been working with technology companies across a range of industries.

Steve holds a Bachelor of Economics from the University of Lancaster and is a qualified Chartered Accountant and a current member of the Institute of Chartered Accountants in England and Wales.

Paul Wilson
Non-Executive Director

Paul was appointed a Non-Executive Director of Straker on 22 September 2015.

He is a co-founder of ASX listed Bailador Technology Investments (which is a major shareholder of Straker). He has had extensive private equity investment experience as a director of CHAMP Private Equity in Sydney and New York, with MetLife in London, and as executive director at media focussed investment group, Illyria.

Paul is a director of SiteMinder, Stackla, the Rajasthan Royals IPL cricket franchise and ASX listed Vita Group Limited.

Paul holds a Bachelor of Business (Banking and Finance), from Queensland University of Technology and is a Fellow of the Financial Services Institute of Australia, a Member of the Institute of Chartered Accountants of Australia and a Member of the Australian Institute of Company Directors.

Management Commentary

The following commentary should be read in conjunction with the consolidated financial statements and the related notes in this report. Some parts in this commentary include forward looking statements and information on strategy and plans for the business that involve risks and uncertainties. Actuals events and the timing of events may vary.

All amounts are presented in NZD unless otherwise stated. Straker is a New Zealand incorporated company and has a 31 March year end balance date. References to FY19 refer to the year ended 31 March 2019 and FY18 year ended 31 March 2018.

Non-IFRS measures

To ensure that the presentation of results reflects the underlying performance of the business, Straker Translations Group publishes its key metrics on a non-IFRS basis as well as on an IFRS basis. For transparency purposes, Straker also publishes full reconciliations between IFRS and non-IFRS measures. IFRS refers to NZ IFRS.

Refer to page 21 for reconciliation and explanation to IFRS financial information

Repeat business is revenue from repeat customers (customers who have previously placed an order with Straker, many of whom are enterprise in nature).

Non-operating costs include costs of re-structuring activities, IPO costs and other non-recurring consulting costs.
The non-IFRS measures have not been independently audited or reviewed.

The obligation to prepare a Directors' Report in section 298 of the Australian Corporations Act 2001 (CA) does not apply to Straker as a NZ company. However the ASX Listing Rules include a separate requirement (ASX LR 4.10.17) requiring all listed entities to include an operational and financial review statement in their Annual Reports which is equivalent to the general information requirements set out in s 299 and 299A of the CA. This Management Commentary section is intended to meet this requirement.

Company Background

Based in New Zealand, Straker Translations has established itself as a world-leading Ai data-driven translation platform powering the global growth of businesses.

Straker has developed a hybrid translation platform that utilises a combination of Ai, machine-learning and a crowd-sourced pool of freelance translators. The Company's cloud-based platform manages the end-to end translation process, leveraging Ai, machine-learning (both inhouse and third party owned engines) to create a first draft translation and subsequently matching the customer's content with one or more of the approximately 13,000 crowd-sourced human freelance translators for refinement.

This process is managed using Straker's proprietary "RAY Ai Platform", which has been developed over eight years and is an enterprise grade, end-to-end, cloud-based platform. By leveraging machine translations and its big data assets, the RAY Ai Platform enables the delivery of faster and more accurate translations, lowering the time and cost to deliver versus traditional translation services. The platform can be integrated directly into customers' systems and consists of a customer dashboard, machine translation integration and modules for assisting and managing translators.

Industry

Straker operates in the language services industry, providing a platform for the translation of written content in both offline and online form. Typical content translated includes product brochures, operating manuals, legal documents and websites. In a report commissioned by Straker, industry research company Frost & Sullivan estimated that the global market size for all language services was US$43 billion in 2017, and is expected to grow to US$67 billion in 2022, representing an estimated CAGR of over 9%. The translations segment within language services is forecast by Frost & Sullivan to represent 69% of the total industry in 2018, representing a market in excess of US$30 billion in size. Key drivers behind the growth of the industry include:

- the increasing level of globalisation, accompanied by the need for localisation of content;
- the rapid increase in content produced, both online and offline, providing an ever-increasing base of content which may require translation
- the economic emergence of new markets with specific language requirements
- regulatory authorities mandating translation of content, particularly in the European Union.

Competitive Positioning

The translation services market is highly fragmented with thousands of small companies across the globe offering personalised services to customers in local geographies. Such companies rarely utilise technology-driven translation platforms and are, therefore, relatively inefficient compared to Straker. These companies are ideal Straker acquisition targets as we can secure margin improvements from our sophisticated RAY AI Platform and synergy benefits from geographic consolidation.

As Straker scales its business, its ability to enhance its offerings will improve, allowing it to compete more effectively for enterprise customers with larger competitors in areas such as video streaming, mobile apps and e-commerce. At this part of the translation market, there is a relatively small number of larger players and Straker is now well positioned to compete with these companies based on its world-class technology capability, its service strength and its global footprint.

Significant changes in the year

1. The Company listed on the ASX on the 22nd of October 2018.

2. During the FY19 year the Company made three acquisitions, Managment Systems Solutions SL (MSS), Eule Lokalisierung GmbH (Eule) COM Translations Online SL, which contributed 22% of the Company's revenue for the year.

Management Commentary

continued

Initial Public Offering

The Company successfully completed an IPO and listing onto the ASX on 22 October 2018, issuing approximately 12.2 million net new shares at $A1.51 raising $A18.4m ($NZ20.1m) to fund organic growth and further acquisitions. The raising was well supported by Australian institutional and retail investors.

Straker Achieved Prospectus Forecasts - Proforma Results

	Pro-forma[1]		Prospectus	Pro-forma Change	
	FY19 $'000	FY18 $'000	FY19 $'000	FY18	Prospectus
Translations revenue	25,813	23,424	24,890	10.2%	3.7%
Gross Margin	**14,080**	**12,712**	**13,961**	**10.8%**	**0.8%**
Gross Margin %	*55%*	*54%*	*56%*	*0.3%*	*-1.5%*
Other Income	58	5	(23)		
Operating expenses	(14,613)	(14,241)	(14,465)	2.6%	1.0%
Adjusted EBITDA	**(475)**	**(1,524)**	**(527)**	**68.8%**	**9.9%**
Adjusted EBITDA %	*-1.8%*	*-6.5%*	*-2.1%*	*4.7%*	*0.3%*
Depreciation & amortisation	(473)	(372)	(442)	27.2%	7.0%
Adjusted EBIT	**(948)**	**(1,896)**	**(970)**	**50.0%**	**2.2%**
Adjusted EBIT %	*-3.7%*	*-8.1%*	*-3.9%*	*4.4%*	*0.2%*
Adjusted EBITDA	**(475)**	**(1,524)**	**(527)**	**68.8%**	**9.9%**
Non-operating expenses	(54)	(294)	(60)	-81.6%	-10.0%
EBITDA	**(529)**	**(1,818)**	**(587)**	**70.9%**	**9.9%**
EBITDA margin %	*-2.0%*	*-7.8%*	*-2.4%*	*5.7%*	*0.3%*
Depreciation & amortisation	(473)	(372)	(442)	27.2%	7.0%
Amortisation on acquired intangibles**	(379)	(376)	(392)	0.8%	-3.4%
EBIT	**(1,381)**	**(2,566)**	**(1,422)**	**46.2%**	**2.4%**
EBIT Margin %	*-5.4%*	*-11.0%*	*-5.7%*	*5.6%*	*0.4%*
Amortisation on MSS & Eule	(380)	(380)	(380)	0.0%	0.0%
EBIT (Including amortisation on MSS & Eule CRA)	**(1,761)**	**(2,946)**	**(1,802)**	**40.2%**	**2.3%**
EBIT Margin %	*-6.8%*	*-12.6%*	*-7.2%*	*5.8%*	*0.4%*

Straker's FY19 pro forma revenues grew 10.2% on FY18 to $25.8m and were ahead of prospectus forecast by 3.7%. Growth driven organically from enterprise customers in EMEA and APAC.

Gross margin contributions were up 10.8% on FY18, with the gross margin percentage up 0.3%. On a constant currency basis, the gross margin percentage was up 0.7% due to leverage gains from processing additional work through the RAY Ai translations Platform. Pro-forma operating costs increased by 2.6% year on year, as Straker continued to invest in R&D, offset by production efficiencies achieved from managing additional work on the RAY Ai Platform. Operating cost growth was well below the revenue growth rate demonstrating leverage from operating at scale and from the RAY Ai Platform.

The Adjusted EBITDA loss reduced by 69% and was up 9.9% on the prospectus forecast.
The EBIT Loss for the year was ($1.4m), up 46% on FY18 and ahead of the Prospectus forecast.

1 Pro-forma results are used for comparison against the prospectus forecast because they reflect the business performance on a consistent basis for comparison, by ensuring acquired business results are presented on an annualised basis, the costs of becoming a listed company are included full year and one off IPO and acquisition costs are removed. The pro-forma results also exclude the COM Translations Online S.L. acquisition which was not included in the prospectus forecast.
2 The company engaged with an independent valuation expert to value customer relationship assets acquired from MSS and Eule. As a result, there is an additional amortisation on acquired intangibles charge of $303k included in the statutory results that was not originally forecast in the prospectus. The related amortisation has been excluded from the pro-forma results. See page 20 for the Statutory results to Pro-forma results reconciliation.
EBITDA, Adjusted EBITDA and Adjusted EBIT are non-IFRS measures.

Straker's Value Proposition

The explosion and speed of content creation today means there is more content being created than all the human translators in the world can translate effectively. We could see this happening nearly a decade ago and knew that machines and humans together would be the future of the industry. That point has now arrived and, ultilising our world-class RAY Ai Platform and our global services capability, we are able to deliver solutions to customers that legacy providers in the industry have no ability to match. Our value proposition is based around:

- How we can simplify the translation process - from rapid quoting to advanced customer dashboards and fully integrated API connectors
- How we are able to deliver better value through our platform and our ability to offer differentiated delivery and pricing models
- With offices in ten countries around the globe offering 24/7 delivery capability and services utilising more than 13,000 translators means we have scale on tap and can deliver large and urgent projects without issues
- Speed is now a major consideration for customers so our ability to deliver projects within a short timeframe is of huge value. This includes our ability to automate and make the process frictionless as well as the way we can increase the speed of the actual translation.

The combination of our world-class sales and support teams, advanced technology and our geographical reach is a compelling proposition for both large and small customers. With a growing development team, we are continuing to invest in R&D and continue to find more ways to increase the efficiency of the translation process and integration of acquired companies.

Operating Revenues

Straker generates revenue from its customers for translation services. Services are primarily charged on a rate per word basis with the rate varying depending upon the language pair.

The Company operates globally across three main regions, Asia Pacific (APAC), Europe (EMEA), and North America (NAM) and categorises its revenue into two broad groups:

1. new business revenue; and

2. revenue from repeat customers (customers who have previously placed an order with Straker, many of whom are enterprise in nature).

Management Commentary

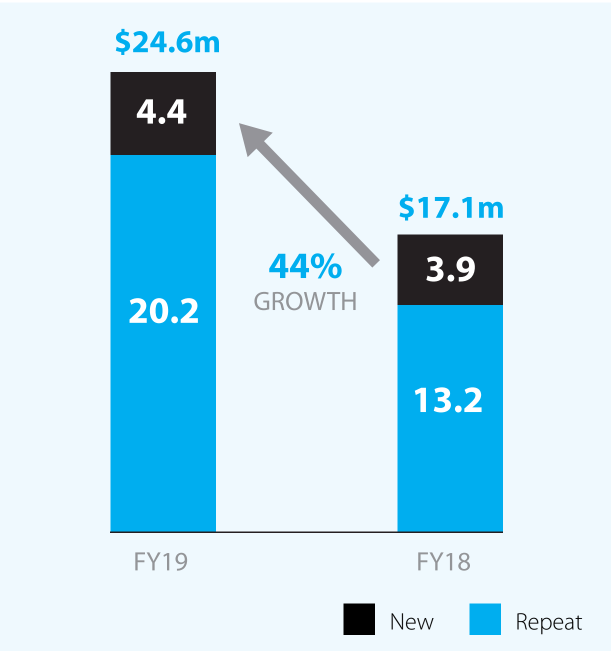
continued

Revenue Growth

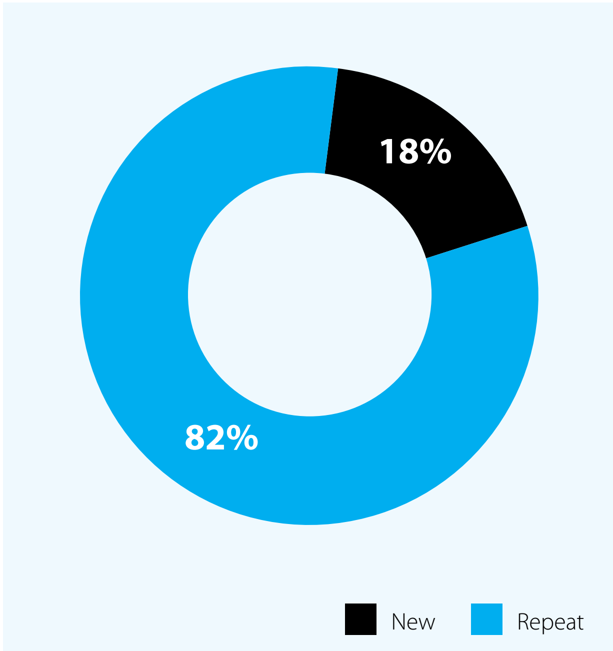
	FY19 $'000	FY18 $'000	Change
New	4,415	3,866	14%
Repeat	20,179	13,160	53%
Translation revenues	24,594	17,027	44%

Revenues grew by 44% in FY19, driven both organically and from part- year contributions from acquired companies purchased during the period. Repeat revenues grew by 53% and made up 82% of the mix for the year.

FY19 Revenue Growth



FY19 Revenue Mix



Revenue by Region

	FY19 $'000	FY18 $'000	Change
APAC	3,620	3,194	13%
EMEA	12,520	5,406	132%
NAM	8,454	8,427	0%
Translation revenues	**24,594**	**17,027**	**44%**

Organic growth in APAC came from our recently opened Hong Kong office.

In EMEA, Straker's organic growth was derived from penetrating a number of existing enterprise customers by processing translation work for additional customer departments. This was made possible from the use of the RAY Ai Platform. Contributions from acquisitions also contributed to EMEA's revenue growth.

Growth in North America was flat against a high Q1 comparative in Elanex (which included some sunset customers), off-set with some good underlying growth, where the Group won high value government contract work on the back of the RAY Ai Platform.

Statutory Results

	FY19 $'000	FY18 $'000	Change
Translations revenue	24,594	17,027	44%
Gross Margin	**13,425**	**9,291**	**44%**
Gross Margin %	*55%*	*55%*	*0.0%*
Other Income	81	5	-
Selling, distribution and administrative expenses	(14,296)	(11,263)	27%
Percentage of operating revenue	*58%*	*66%*	*-8%*
Operating loss before acquisition costs & IPO costs	**(790)**	**(1,967)**	**60%**
Percentage of operating revenue	-3%	-12%	8.3%
Amortisation of acquired intangibles	(682)	(376)	82%
Acquistion of subsidiaries costs	(594)	(195)	204%
IPO related costs	(1,953)	-	N/A
Operating loss before net finance income	**(4,018)**	**(2,539)**	**-58%**
Net Finance expense	(466)	915	-151%
Income tax expense	155	100	55%
Net loss after tax	**(4,329)**	**(1,523)**	**-184%**
Percentage of operating revenue	*-18%*	*-9%*	*-8.7%*

The Company performed strongly during the 2019 financial year. Revenue was up 44% year-on-year to $24.6m, reflecting organic growth from enterprise customers in EMEA and APAC, and from partial year earnings from acquisitions completed in FY19.

Gross margin was flat against the previous reporting period but on a constant currency basis, was up 0.4% to 55%, driven by the operating leverage gained through Straker's world-class RAY Ai Translation Platform. On a dollar basis, gross margin was up 44% year-on-year to $13.4m from $9.3m.

Total operating costs increased year on year by 27% due to additions from the MSS, Eule and COM acquisitions made during the year as well as investment in the R&D team to continue to develop and support the RAY Ai Platform and the incremental costs of becoming a listed company. Distribution costs were reduced as a result of integrating work through the RAY Ai Platform.

The higher revenue and margin, combined with a continued focus on cost control, produced a loss from trading operations before amortisation of acquired intangibles, acquisition of subsidiaries costs and IPO related costs of ($0.8m), an improvement on the FY18 comparable loss of ($2.0m).

The loss after income tax from continuing operations was ($4.3m), which was up by $2.8m on FY18, due to the impact of the IPO and increases in acquisition costs and amortisation charges of acquired intangibles.

Management Commentary

continued

Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)

	FY19 $'000	FY18 $'000	Change
Operating loss before net finance income	**(4,018)**	**(2,538)**	**-58%**
Add:			
Depreciation & amortisation	459	305	50%
Acquisition of acquired intangibles	682	376	81%
EBITDA	**(2,878)**	**(1,856)**	**-55%**
EBITDA Margin	*-11.7%*	*-10.9%*	*-0.8%*
Aquisition of subsidiaries costs	594	195	-204%
Other non-operating costs	172	237	27%
IPO related costs	1,953	-	N/A
Adjusted EBITDA	**(159)**	**(1,424)**	**89%**
Adjusted EBITDA Margin	*-0.6%*	*-8.4%*	*7.7%*

The company's EBITDA loss for FY19 was impacted by one-off costs associated with listing the Company on the ASX, costs associated with acquiring three businesses and related restructuring costs.

On an underlying basis, after adjusting for the impact of the items mentioned above, the Adjusted EBITDA was $159k, representing an improvement of 89% on FY18.

EBITDA and Adjusted EBITDA are non-IFRS measures. Management believes Adjusted EBITDA reflects the underlying performance of the business.

Cash flow

	FY19 $'000	FY18 $'000	Change
Receipts from customers	23,900	17,068	40%
Other operating cash flows	(24,965)	(18,306)	36%
Operating cash flow	(1,065)	(1,238)	14%
Capital Investment	(839)	(679)	-24%
Free cash flow	**(1,904)**	**(1,917)**	**1%**
Investment in Acquistions	(2,748)	(195)	-1308%
Investing cash flow	**(2,748)**	**(195)**	**-1308%**
Net capital raise	16,828	7,653	120%
Deferred and contingent consideration payments	(1,559)	(1,001)	-56%
Net Financing cash flow	**15,269**	**6,652**	**130%**
Net cash flow	**10,617**	**4,540**	**134%**
Bank balances	**17,669**	**7,824**	**126%**

Receipts from customers were up 40% to $23.9m which is closely aligned to revenue growth.

Operating cash flows improved by 14% year on year, driven by strong cash collections and on the back of improved operating losses.

Free cashflows were consistent with the company continuing to invest in the RAY Ai Platform and in computer hardware.

Straker successfully executed an initial public offering onto the ASX and raised gross $20m to fund expansion. The net proceeds raised were $16.8m, after paying for IPO transaction costs. Straker continues to make deferred consideration payments to shareholders of acquired companies, demonstrating the success of the acquisition strategy for all parties involved.

The Company continues to be in a strong position to deliver on its M&A strategy and support organic growth, with NZ$17.7 million cash at bank at year end and no debt other than deferred consideration in respect of acquisitions.

Management Commentary

continued

Statutory revenue to pro-forma revenue reconciliation

	Actuals		Prospectus
	FY19 $'000	FY18 $'000	FY19 $'000
Statutory revenue	**24,594**	**17,026**	**23,482**
Net impact of MSS acquisition	491	3,251	491
Net impact of Eule acquisition	917	3,147	917
Net impact of Com acquisition	(189)	-	-
Pro-forma revenue	**25,813**	**23,424**	**24,890**

Statutory EBIT to pro-forma EBIT reconciliation

	Actuals		Prospectus
	FY19 $'000	FY18 $'000	FY19 $'000
Statutory EBIT (Operating loss before net finance income)	**(4,018)**	**(2,539)**	**(3,188)**
Net impact of MSS acquisition	5	4631	5
Net impact of Eule acquisition	44	12	44
Net impact of COM acquisition	13	-	-
Offer costs	1,953	-	1,808
Incremental public company costs	(391)	(696)	(391)
Acquisition expenses	594	195	300
Restructuring expenses	118	-	-
Net impact of MSS acquired intangibles on CRA	180	--	--
Net impact of Eule acquired intangibles on CRA	123	-	-
Pro-forma EBIT	**(1,381)**	**(2,565)**	**(1,422)**

Growth Strategy

Straker raised funds at its October 2018 IPO listing to the ASX to continue its organic and acquisitions growth strategy.

Five Point Growth Strategy

- Winning new enterprise customers
- Transactional Revenue
- Integration into content platforms
- Increased penetration with existing customers
- Acquisitions

Organic Growth Strategy

Straker has an enterprise sales force of 20 staff dedicated to expanding the existing customer base, winning new business and integrating with content platforms such as Adobe and Magento. A key priority is to use the RAY Ai Platform's data-driven capacity to win new enterprise customers.

Winning new enterprise customers

- Secure large volume enterprise customers
- Straker invested in global enterprise sales team over the previous two years
- 20 enterprise salespeople across seven countries
- Using our data-driven unique platform benefits

Transactional Revenue

- Provides cash flow benefits
- Drives smaller jobs that provide a range of ancillary benefits
- Driven by online advertising and content marketing

Integration into content platforms

- Directly market to platforms' broad customer bases
- Continue to invest in new integrations / refining the integrations
- Medium-term revenue targets

Increased penetration with existing customers

- Winning new divisions of existing customers
- Expanding our relationships into other geographies we have a presence

Acquisition Growth Strategy

The focus of Straker's acquisition strategy on a geographic basis is in APAC, USA, Spain, DACH and the UK. In all these locations the Company has an existing well-functioning business making integrations easier and faster, which has the flow-on effect of getting operating leverage from our technology earlier.

Straker estimates that the total revenue of all acquistion targets we have identified as being approximately $1.5bn. The majority of the targets are below $10m in revenue, with a focus on Straker acquiring targets that are focused on the Group's core business of translation services.

Impact of the acquisition strategy

Straker has benefited from acquisitions that it is has undertaken over the past two and a half years. In this time, the Group has acquired five businesses across the USA, Spain, Germany, and Ireland.

By securing new customers from these acquisitions, Straker has been able to add scale, expand geographical reach and in the case of COM Translations, added new capabilities in the audio visual space. From a financial perspective, the acquisitions have collectively contributed more than half of the FY19 revenues. They have enabled the Company to grow revenues organically, to gain operating leverage through the use of the RAY Ai Platform by yielding gross margin improvements and a reduction in production and administration overhead. As a result, the acquisitions have led to the reduction of the EBITDA loss.

Management expects that the combination of continued organic growth and the acquisition strategy will continue to drive market expansion and profitability into the future.

Straker Translations and Group Financial Statements

FOR THE YEAR ENDED 31 MARCH 2019

Financial Statements Contents

Straker Translations Limited and Group Directors' Responsibility Statement
for the year ended 31 March 2019

The Directors are pleased to present the consolidated financial statements of Straker Translations Limited for the year ended 31 March 2019.

The Directors are responsible for the preparation, in accordance with New Zealand law and generally accepted accounting practice, of financial statements which give a true and fair view of the financial position of the Straker Translations Limited Group as at 31 March 2019 and the results of their operations and cash flows for the year ended 31 March 2019.

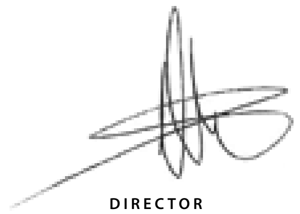
The Directors consider that the consolidated financial statements of the Group have been prepared using accounting policies appropriate to the Group's circumstances, consistently applied and supported by reasonable and prudent judgements and estimates and that all applicable New Zealand equivalents to International Financial Reporting Standards have been followed.

The Directors have responsibility for ensuring that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and enables them to ensure that the financial statements comply with the Financial Reporting Act 2013.

The Directors have responsibility for the maintenance of a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. The Directors consider that adequate steps have been taken to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Approved for and on behalf of the Board of Directors on 27 May 2019.

DIRECTOR



DIRECTOR

Independent Auditor's Report

to the shareholders of Straker Translations Limited

BDO Auckland

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF STRAKER TRANSLATIONS LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Straker Translations Limited ("the Company") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our firm carries out other assignments for the Group in the areas of taxation advice, professional services in relation to the Company's listing on the ASX, and corporate finance services. The firm has no other relationship with, or interests in, the Company or any of its subsidiaries.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Business combinations completed in the current period

The acquisitions of Eule Lokalisierung GmbH ("Eule"), Management System Solutions SL ("MSS") and ComTranslations Online SL ("Com") businesses have occurred in the year.

Management has determined each acquisition represents a business combination. As a result, Management has applied NZ IFRS 3 *Business Combinations*.

This assessment requires a significant level of judgement to identify and determine the fair value of assets and liabilities acquired, and to determine the fair value of contingent consideration.

Independent Auditor's Report

to the shareholders of Straker Translations Limited

BDO Auckland

Business combinations completed in the current period (continued)

Intangibles acquired as part of a business combination

Key Audit Matter	How The Matter Was Addressed in Our Audit
The Group is required to recognise at fair value any separately identifiable intangible assets acquired through a business combination. As a result of the acquisitions of Eule and MSS, the Group has recognised customer relationship intangible assets in the year of $1,535,000; at the reporting date, the acquisition accounting for Com remained provisional. There is a significant level of judgement required to determine the fair value of such intangible assets. Refer to note 11 (intangible assets) and note 25 (business combinations) of the consolidated financial statements.	• We obtained Management's assessment of identifiable intangible assets acquired in the acquisitions. • We reviewed their assessment against our expectations of likely intangible assets, based on our review of the sale and purchase agreements and our understanding of similar acquisitions. • We obtained Management's fair value calculation for intangibles acquired in the business combinations, prepared in conjunction with an external valuation expert. • We assessed the competence and independence of Management's external valuation expert, and challenged the expert as to the scope, methodology, findings and conclusions of their work. • We reviewed the key financial inputs to the fair value calculations to supporting documentation, including the existence of any contractual arrangements, historical financial data, cash flow forecasts and our understanding of the businesses. • We engaged our internal valuation experts to review the valuation methodology used and the discount rate used. • We reviewed the consolidated financial statement disclosures against the accounting standards.

Contingent acquisition consideration

Key Audit Matter	How The Matter Was Addressed in Our Audit

As part of the consideration for the acquisitions, Management has recognised $2,186,000 of contingent consideration liabilities on the Eule, MSS and Com acquisitions at 31 March 2019.
 	
The liabilities are contingent on the future revenue performance of the acquired entities over a period of two years.
 	
As recognition is dependent on forecast revenue levels when compared to the prescribed revenue targets, the liabilities are subject to significant judgement and estimation uncertainty around the assumptions and inputs to Management's forecast calculations.
 	
The Group has recognised a gain on fair value of contingent consideration liability of $276,000 to profit or loss in the year as a result of earn out targets no longer being forecast to be met in relation to the Eule acquisition that occurred in the year.
 	
Refer to note 16 (contingent consideration liability), note 21 (financial risk management) and note 25 (business combinations) of the consolidated financial statements.
	• We reviewed sale and purchase agreements to identify the contingent consideration clauses and relevant earn out targets.
	• As the earn out clauses are based on achieving revenue targets for two years from the date of acquisition, we have performed the following procedures:
	   • Compared actual revenue performance since acquisition to the earn out target.
	   • Compared future forecast revenue to Management-prepared budgets.
	   • Challenged Management's assumptions and inputs to the budgets, focussing on revenue by customer and historical financial information (including prior to acquisition).
	• We re-performed Management's contingent consideration liability calculation based on actual and forecast revenue to the prescribed earn out target.
	• We re-calculated the gain on fair value of contingent consideration liability of $276,000 in relation to the Eule acquisition that occurred in the year. We reviewed Management's assertion that the factors that have led to their judgement that the achievement of the original forecast was not probable were not facts and circumstances that existed at acquisition date.

Independent Auditor's Report

to the shareholders of Straker Translations Limited

BDO Auckland

Contingent acquisition consideration (continued)	
	• We reviewed the consolidated financial statement disclosures against the accounting standards, including the fair value hierarchy of financial instruments measured at fair value. This includes sensitivity analysis for significant changes in forecast revenue inputs and its effect on the fair value of the contingent consideration liability.

Goodwill impairment

Key Audit Matter	How The Matter Was Addressed in Our Audit
The Group has recognised goodwill on historical acquisitions, as well as for Eule, MSS and Com, which were acquired in the year. The goodwill balance of $6,030,000 is subject to an annual impairment test in accordance with NZ IAS 36 *Impairment of Assets*. Management performed their impairment test by considering the recoverable amount of the Group's goodwill using a value in use calculation. This calculation is complex and subject to key inputs and assumptions, such as discount rates and future cash flows, which inherently include a degree of estimation uncertainty. Refer to note 11 (intangible assets) of the consolidated financial statements.	• We have obtained Management's value in use calculations prepared for each of the cash generating units and evaluated the key inputs and assumptions. The key inputs included revenue, growth rates, gross margin, and discount rate. • We have engaged our internal valuation experts to review the mechanics of the value in use calculation against the valuation methodology, and the discount rate used. • We have compared the carrying value of the CGUs' assets to the recoverable amount determined by the impairment test to identify any impairment losses. • We have reviewed disclosures in the consolidated financial statements, including sensitivity analysis, to the requirements of the accounting standard.

Other Information

The directors are responsible for the other information. The other information comprises the Appendix 4E Report (which we obtained prior to the date of this auditor's report), but does not include the consolidated financial statements and our auditor's report thereon, and the Annual Report, which is expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors.

Independent Auditor's Report

to the shareholders of Straker Translations Limited

BDO Auckland

Directors' Responsibilities for the Consolidated Financial Statements

The directors are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located on the External Reporting Board's website at: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Company's shareholders, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders, as a body, for our audit work, for this report or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Chris Neves.

BDO Auckland

BDO Auckland
Auckland
New Zealand
27 May 2019

Consolidated Statement of Profit or Loss and other Comprehensive Income
For the year ended 31 March 2019

	Notes	2019 $'000	2018 $'000
Revenue	4	24,594	17,027
Cost of sales (translator contractor costs)		(11,169)	(7,736)
Gross margin		13,425	9,291
Other income		81	4
		13,506	9,295
Selling and distribution expenses		(8,309)	(6,923)
Administration expenses		(5,987)	(4,340)
Loss from trading operations before amortisation of acquired intangibles, acquisition of subsidiaries costs, and IPO related costs		(790)	(1,968)
Amortisation of acquired intangibles	11	(682)	(376)
Acquisition of subsidiaries costs	22	(593)	(195)
IPO related costs		(1,953)	-
Operating loss before net finance income	5	(4,018)	(2,539)
Finance income		716	1,133
Finance expense		(1,182)	(218)
Net finance (expense)/income	6	(466)	915
Loss before income tax		(4,484)	(1,624)
Income tax credit	7	155	100
Loss for the year after tax		(4,329)	(1,524)
Other Comprehensive Income			
Items that may be reclassified to profit or loss, net of tax			
Foreign currency translation differences		(147)	(71)
Total Comprehensive Income for the year		**(4,476)**	**(1,595)**

Earnings per share for the period attributable to the owners of the parent			
Basic earnings per share (cents)	8	(10.95)	(59.43)
Diluted earnings per share (cents)	8	(7.87)	(37.05)

The above statement should be read in conjunction with the notes to and forming part of the financial statements

Consolidated Statement of Changes in Equity
For the year ended 31 March 2019

	Notes	Share Capital	Accumulated Losses	Share Option Reserve	Foreign Currency Translation Reserve	Total Equity
Group – 31 March 2019		$'000	$'000	$'000	$'000	$'000
Balance 1 April 2018		**21,402**	**(9,438)**	**121**	**(30)**	**12,055**
Loss for the year		-	(4,329)	-	-	(4,329)
Currency translation differences		-	-	-	(147)	(147)
Total comprehensive income for the year		**-**	**(4,329)**	**-**	**(147)**	**(4,476)**
Transactions with owners in their capacity as owners						
Issue of share capital	18	20,263	-	-	-	20,263
Cost of issue of share capital	18	(1,542)	-	-		(1,542)
Share option cost expensed		-	-	111	-	111
Balance 31 March 2019		**40,123**	**(13,767)**	**232**	**(177)**	**26,411**
Group – 31 March 2018						
Balance 1 April 2017		**13,705**	**(7,914)**	**60**	**41**	**5,892**
Loss for the year		-	(1,524)	-	-	(1,524)
Currency translation differences		-	-	-	(71)	(71)
Total comprehensive income for the year		**-**	**(1,524)**	**-**	**(71)**	**(1,595)**
Transactions with owners in their capacity as owners						
Issue of share capital	18	10,779	-	-	-	10,779
Redemption of share capital	18	(3,082)	-	-		(3,082)
Share option cost expensed		-	-	61	-	61
Balance 31 March 2018		**21,402**	**(9,438)**	**121**	**(30)**	**12,055**

The above statement should be read in conjunction with the notes to and forming part of the financial statements

Consolidated Statement of Financial Position
as at 31 March 2019

	Notes	2019 $'000	2018 $'000
Current Assets			
Cash and cash equivalents		17,669	7,824
Trade receivables	9	3,908	1,994
Other assets and prepayments	10	1,360	1,216
Total Current Assets		**22,937**	**11,034**
Non-current Assets			
Intangible assets	11	10,254	5,120
Plant and equipment	12	214	110
Total Non-current Assets		**10,468**	**5,230**
Total Assets		**33,405**	**16,264**
Current Liabilities			
Trade payables	13	718	511
Sundry creditors and accruals	14	2,847	1,801
Employee pro visions	15	363	223
Contingent consideration	17	1,039	481
Deferred consideration	17	230	287
Total Current Liabilities		**5,197**	**3,303**
Non-current Liabilities			
Deferred tax liability	7	683	444
Contingent consideration	17	1,114	462
Total Non-current Liabilities		**1,797**	**906**
Total Liabilities		**6,994**	**4,209**
NET ASSETS		**26,411**	**12,055**
Equity			
Share capital	18	40,123	21,402
Foreign currency translation reserve		(177)	(30)
Share option reserve	26	232	121
Accumulated losses		(13,767)	(9,438)
TOTAL EQUITY		**26,411**	**12,055**

Approved for and on behalf of the Board of Directors on 27 May 2019

DIRECTOR

DIRECTOR

The above statement should be read in conjunction with the notes to and forming part of the financial statements

Consolidated Statement of Cash Flows
For the year ended 31 March 2019

	Notes	2019 $'000	2018 $'000
Cash flows from operating activities			
Receipts from customers		23,900	17,068
Interest received		104	31
Payments to suppliers and employees		(25,069)	(18,337)
Net cash used in operating activities	24	(1,065)	(1,238)
Cash flows from investing activities			
Payments for capitalised software development		(740)	(627)
Payments for plant & equipment		(99)	(52)
Payments for acquisition of subsidiaries		(2,748)	(195)
Net cash used in investing activities		(3,587)	(874)
Cash flows from financing activities			
Proceeds from issue of shares		20,074	11,272
Ordinary shares redeemed		-	(3,082)
Cost of share issue		(1,402)	(492)
IPO related costs		(1,844)	(44)
Repayment of deferred and contingent consideration	17	(1,151)	(1,001)
Repayment of acquired entity's term debt	22	(408)	-
Net cash from financing activities		15,269	6,653
Net increase in cash and cash equivalents		10,617	4,541
Effect of exchange rate on foreign currency balances		(772)	(192)
Cash and cash equivalents at beginning of the year		7,824	3,475
Cash and cash equivalents at end of the year		**17,669**	**7,824**

The above statement should be read in conjunction with the notes to and forming part of the financial statements

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

1. REPORTING ENTITY AND STATUTORY BASE

Straker Translations Limited ("the Company" or "parent") is a company domiciled and registered under the New Zealand Companies Act 1993 and is listed on the Australian Securities Exchange (ASX). The audited consolidated financial statements of Straker Translations Limited and its subsidiaries (together, "the Group" or "Straker") have been prepared in accordance with the Companies Act 1993.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity.

The principal activity of the Group is the provision of translation services.

2. BASIS OF PREPARATION

The financial statements comply with NZ GAAP, New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The financial statements are presented in New Zealand dollars (NZD), which is also the functional currency of the parent company. Amounts are rounded to the nearest thousand dollars ($'000) in the financial statements.

The preparation of financial statements in compliance with NZ IFRS requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

The areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2(c).

a) Basis of measurement
The consolidated financial statements have been prepared on a historical cost basis, except as noted in the accounting policies.

b) Change of accounting policies
New standards, interpretations and amendments effective from 1 April 2018

Two new financial reporting standards are applied for the first time in these financial statements.

- NZ IFRS 15 Revenues from Contracts with Customers is the new standard for the recognition of revenue.
  NZ IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces NZ IAS 18 'Revenue' and NZ IAS 11 'Construction contracts' and related interpretations.

The Group worked through a representative sample of its translation service contracts in conjunction with a report commissioned from an external advisor with reference to this new standard. The impact of the new standard on the Group's process of recognising revenue was confirmed.

The steps considered in the analysis of the impact of NZ IFRS 15 on contract revenue recognition were:
i) Identifying the contract;
ii) Identifying separate performance obligations;
iii) Determining the transaction price;
iv) Allocating the transaction price to performance obligations;
v) Recognising revenue as or when each performance obligation is satisfied.

The key area that was identified from this analysis was the ability of the Group to continue recognising revenue on an over time basis based on the new criteria imposed by NZ IFRS 15. This required the Group to:
i) ensure that contract termination clauses are reviewed and amended, as may be required, to ensure that the Group has an enforceable right to either demand revenue for the work completed to date at any point, or to finish the contracted work and charge the customer for the full contractual amount; and
ii) ensure that the rule of law in specific jurisdictions permits, or does not negate, the contractual termination clause.

Management sought legal advice and updated the wording of the relevant clauses in the Group's standard terms and conditions, and in new Master Sales Agreements which have strengthened the Group's rights under the termination clauses.

The Group's senior management team have reviewed the new clauses and are satisfied that the new termination clause meets the standards required to continue to recognise revenue under NZ IFRS 15 as it has previously.

Accordingly, there has been no adjustment to the profile of revenue recognition by the Group and there is no cumulative impact adjustment in retained earnings required to be recognised on adoption of the standard. There is also no requirement to restate comparative information.

The Group has applied the full retrospective method.

- NZ IFRS 9 Financial Instruments ("NZ IFRS 9") has replaced NZ IAS 39 Financial Instruments: Recognition and Measurement (NZ IAS 39). The new standard addresses:
  (i) The classification, measurement and de-recognition of financial assets and financial liabilities;
  (ii) Impairment of financial assets; and
  (iii) Hedge accounting.

Financial assets such as trade and other receivables, cash and cash equivalents have previously been classified as 'Loans and Receivables' under NZ IAS 39. These financial assets have now been classified as 'Amortised Cost' under NZ IFRS 9 with nil effect of change on the financial statements. Financial liabilities such as trade and other payables continue to be classified as 'Amortised Cost' under NZ IFRS 9 as it was previously classified under NZ IAS 39.

Based on the nature of the Company's financial asset and liability balances and non-application of hedge accounting, there has not been any impact to the financial statements upon transition.

The Group has applied the full retrospective method.
New standards, interpretations and amendments not yet effective

- NZ IFRS 16 Leases – the new standard will result in almost all leases being recognised on the balance sheet for lessees. Under the new standard, an asset (the right to use the lease item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The standard will affect the accounting for the Group's operating leases. As at the reporting date, the Group has operating lease commitments of $546,340 (2018: $346,000).

Instead of recognising an operating expense for its operating lease payments, the Group will instead recognise interest on its lease liabilities and amortisation on its right-of-use assets. This will increase reported EBITDA by the amount of its current operating lease cost, which was $517,000 for the year (2018: $335,000).

Management is yet to determine the full impact of the standard on the recognition of an asset and a liability for future payments.

c) Use of estimates and judgements
The preparation of the financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management has identified the following balances and transactions for which significant judgements, estimates and assumptions are made:

i) Business combinations completed in the current period (note 22) and contingent consideration liabilities (note 16)
The Directors have made significant judgements in respect of the accounting of business combinations by considering the fair value of the assets and liabilities acquired, in particular customer relationship intangible assets, and considering the likelihood of the subsidiaries achieving their earn out targets in determining the contingent consideration liabilities.

ii) Goodwill (note 11)
The Directors have used judgement in determining there is no impairment associated with goodwill by using a value-in-use calculation.

iii) Capitalised software development (note 11)
The Group has considered costs associated with software development and capitalised those that meet the criteria of their accounting policy. Judgement is required particularly in respect of meeting those criteria.

iv) Revenue (note 4) and Contract asset (note 10) and Contract liability (note 14) recognition
Translation income invoices for services not yet performed are deferred as a contract liability on the Statement of Financial Position until the percentage of completion of services is sufficient to ensure it is probable that economic benefits will flow to the Group.

Translation income determined to be earned but not yet invoiced is accrued as a contract asset and recorded under current assets on the Statement of Financial Position when it is probable that economic benefits will flow to the Group.

Translator costs related to each project are accrued as a current liability.

3. SEGMENT REPORTING

The Group provides translation services to its customers.

The Group's operating segments are each of the Company and its subsidiaries, and these are grouped as territories by geographical region as reportable segments as there are regional managers responsible for the performance of the Group entities within their territories. The geographical regions are Asia Pacific (APAC), Europe, Middle East and Africa (EMEA) and North America (NAM).

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019
continued

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

3. SEGMENT REPORTING (continued)

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the Board of Directors, Chief Executive Officer, Chief Operating Officer and the Chief Financial Officer.

Segment financial performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Inter-segment sales are minimal.
Reports provided to the chief operating decision maker do not identify assets and liabilities per segment. Assets and liabilities are instead presented on a consolidated basis as they are throughout the consolidated financial statements. Also, the Group's financing (including finance costs and finance income), amortisation of intangible assets, acquisition of subsidiaries costs, IPO related costs and income taxes are managed on a Group basis and are not provided to the chief operating decision makers at the operating segment level.

Year ended 31 March 2019	APAC $'000	EMEA $'000	NAM $'000	TOTAL $'000
Revenue				
Total revenue from external customers	3,620	12,520	8,454	24,594
Other income, Cost of sales, Selling and distribution and Administration expenses	(3,939)	(12,527)	(8,918)	(25,384)
Segment contribution	**(319)**	**(7)**	**(464)**	**(790)**

Year ended 31 March 2018				
Revenue				
Total revenue from external customers	3,194	5,406	8,427	17,027
Other income, Cost of sales, Selling and distribution and Administration expenses	(3,288)	(6,624)	(9,083)	(18,995)
Segment contribution	**(94)**	**(1,218)**	**(656)**	**(1,968)**

Reconciliation from segment contribution to loss before tax	2019 $'000	2018 $'000
Segment contribution	(790)	(1,968)
Amortisation of acquired intangibles	(682)	(376)
Acquisition of subsidiaries costs	(593)	(195)
IPO related costs	(1,953)	-
Net finance (expense)/income	(466)	915
Loss before income tax	**(4,484)**	**(1,624)**

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

4. REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers:

Types of goods and services

	2019 $'000	2018 $'000
Translation services	24,594	17,027

The Group's revenue is derived from translation services. The timing of the Group's recognition is translation services transferred over time.

Translation income invoices for services not yet performed are deferred as a contract liability on the Statement of Financial Position until the percentage of completion of services is sufficient to ensure it is probable that economic benefits will flow to the Group.

Translation income determined to be earned but not yet invoiced is accrued as a contract asset and recorded under current assets on the Statement of Financial Position when it is probable that economic benefits will flow to the Group.

5. OPERATING LOSS BEFORE NET FINANCE (EXPENSE)/INCOME

The following items of expenditure are included in operating loss before net finance (expense)/income:

	Notes	2019 $'000	2018 $'000
Selling and Distribution expenses			
Advertising and marketing		8,309	6,923
Administrative expenses			
Remuneration to parent auditor:			
- fee relating to audit of the financialstatements		64	32
- fee relating to other assurance engagement (review of condensed interim financial statements)		35	-
- taxation services –compliance		19	14
- professional advisor in relation to the IPO process		295	-
- corporate finance services		160	-
Other non-Group auditor's remuneration for audit of subsidiary entity		17	11
Amortisation of capitalised software development	11	333	208
Amortisation of computer software	11	48	26
Depreciation	12	77	70
Bad debts written off		-	22
Impairment provision recognised on receivables at amortised cost	9	50	13
Rent		517	335
Salaries and wages		2,323	1,352
Kiwisaver contributions		105	74
Share option expenses		111	61

During the year, a fee of $382,000 was paid to BDO East Coast Partnership (Australia) in relation to their role as a professional advisor in relation to the IPO process. This includes $88,000 debited to equity as a cost of share issue. In addition, a fee of $160,000 was paid to BDO AG Wirtschaftsprüfungsgesellschaft (Hamburg) in relation to corporate finance services.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

6. NET FINANCE INCOME AND EXPENSE

	Notes	2019 $'000	2018 $'000
Finance income			
Interest received on receivables at amortised cost		104	31
Foreign exchange gain		189	23
Gain on fair value adjustment to contingent consideration liability	17	423	1,079
Total finance income		716	1,133
Finance expense			
Interest expense on liabilities stated at amortised cost		(3)	(3)
Foreign exchange loss		(1,063)	(121)
Impairment		(9)	-
Imputed interest on deferred consideration liability	17	(107)	(94)
		(1,182)	(218)
Net finance (expense)/income		(466)	915

Interest income and expense
Finance income includes interest income, which is recognised as it accrues in profit or loss, using the effective interest method, and fair value gain on adjustment to contingent consideration liability, which is measured at fair value through profit or loss.

Finance expense includes interest expense on liabilities, and imputed interest on deferred consideration liability.

Foreign currency translation gains and losses
Transactions in foreign currencies are initially recorded in the functional currency by applying the exchange rates ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date, with any gain or loss being recognised in the profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

7. INCOME TAX EXPENSE

a) Income tax recognised in profit or loss	2019 $'000	2018 $'000
Current tax expense	(37)	(31)
Deferred tax credit	192	131
Total tax credit	155	100

The income tax expense comprises current and deferred tax. The income tax expense is recognised in profit and loss, except to the extent that it relates to items recognised directly in other comprehensive income, in which case it is recognised in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the amounts for taxation purposes.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination that affects neither accounting nor taxable profit or loss.

The total charge for the period can be reconciled to the accounting profit as follows:	2019 $'000	2018 $'000
Loss before tax	(4,484)	(1,624)
Income tax expense calculated at 28% (2018: 28%)	(1,256)	(455)
Different tax rates applied in overseas jurisdictions	37	116
Tax losses not recognised	1,374	439
Income tax credit/(expense) recognised in profit or loss	155	100

b) Deferred tax liability

	2019	2018
Deferred tax		
Deferred tax liabilities arising on business combinations	875	575
Reversal of temporary differences	(192)	(131)
At 31 March	683	444
Recognised deferred tax liabilities		
Intangible assets – arising on business combinations	(683)	(444)
At 31 March	(683)	(444)

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

7. INCOME TAX EXPENSE (continued)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different entities, but they intend to settle current tax assets and liabilities on a net basis.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

A deferred tax asset has not been recognised by the Group because the Directors consider that it is not probable that the related tax benefit will be recognised, due to a recent history of losses

The value of deferred tax asset not recognised as at 31 March 2019 was $2,314,074 (2018: $940,074). The deferred tax asset not recognised is comprised of the effect of the tax benefit of operating losses.

c) Losses brought forward

At 31 March 2019 the Group had accumulated tax losses to carry forward for tax purposes of $4,710,735 (2018: $3,357,408).

8. EARNINGS PER SHARE

Earnings per share has been calculated based on shares and share options issued at the respective measurement dates

	2019 $'000	2018 $'000
Numerator		
Loss for the year after tax ("N")	(4,329)	(1,524)
Denominator	**'000**	**'000**
Weighted average number of ordinary shares used in basic EPS ("D1")	34,882	2,565
Period end number of ordinary shares	42,181	2,905
Effects of:		
Employee share options	2,436	84
Preferenceshares	10,417	1,124
Period end number of shares used in diluted EPS("D2")	55,034	4,113
	Cents	**Cents**
Basic earnings per share (N/D1 x100)	(10.95)	(59.42)
Diluted earnings per share (N/D2 x100)	(7.87)	(37.05)

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

9. TRADE RECEIVABLES

	2019 $'000	2018 $'000
Gross trade receivables	3,986	2,022
Impairment allowance	(78)	(28)
Trade receivables	3,908	1,994
Opening balance of impairment provision	28	15
Additional expense	50	23
Reversal of previously recognised impairment	-	(10)
	78	28

The Group applies the NZ IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Group's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Group's customers. The Group has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Group operates.

10. OTHER ASSETS AND PREPAYMENTS

	2019 $'000	2018 $'000
Contract asset	866	588
Deferred IPO related costs	-	290
Deposit	131	111
Prepayments	309	194
Tax receivables	54	33
	1,360	1,216

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

11. INTANGIBLE ASSETS
CAPITALISED SOFTWARE DEVELOPMENT

	2019 $'000	2018 $'000
Cost		
Opening Balance	1,521	895
Additions in the year	740	626
Impairment	(9)	-
Closing Balance	2,252	1,521
Amortisation		
Opening Balance	(290)	(82)
Charge recognised in statement of comprehensive income	(333)	(208)
Closing Balance	(623)	(290)
Net book value	**1,629**	**1,231**

Research costs are expensed as incurred. Costs associated with maintaining computer software programs are also recognised as an expense as incurred.

Costs that are directly associated with the production of identifiable and unique software controlled by the Group, and that will probably generate economic benefits exceeding costs beyond one year, are recognised as capitalised software development intangible assets where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use;
- management intends to complete the software and use or sell it;
- there is an ability to use or sell the software;
- it can be demonstrated how the software will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software are available; and
- the expenditure attributable to the software during its development can be reliably measured.

Other development expenditures that do not meet these criteria are expensed when incurred. Development costs previously recognised as expenses are not recognised as assets in a subsequent period.

Development costs that have a finite useful life that have been capitalised, but not yet available for use, are not amortised but tested for impairment each year. When the asset has been completed it is referred to as a capitalised software development intangible asset, carried at cost, amortised over its useful life on a straight line basis over five years, and is assessed annually for indicators of impairment (with an impairment test taken if indicators are found).

The amortisation expense is included within the administration expenses in profit or loss.

Development expenditure not satisfying the above criteria and expenditure on the research phase of internal projects are recognised in profit or loss as incurred.

Additions in the year include salaries and wages of $652,735 (2018: $626,420).

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

11. INTANGIBLE ASSETS (continued)
CAPITALISED SOFTWARE DEVELOPMENT (continued)

COMPUTER SOFTWARE	2019 $'000	2018 $'000
Cost		
Opening Balance	162	162
Acquired as part of a business combination (Refer to note 22)	108	-
Additions in the year	11	-
Closing Balance	281	162
Amortisation		
Opening Balance	(76)	(49)
Charge recognised in statement of comprehensive income	(48)	(27)
Closing Balance	(124)	(76)
Net book value	**157**	**86**

Computer software is amortised over 2-4 years on a straight line basis .

Assets arising as a result of acquisitions

Goodwill and customer relationship assets (CRA) were recognised as a result of the acquisition of three subsidiaries (refer note 22) as follows:

CUSTOMER RELATIONSHIP INTANGIBLE ASSETS	2019 $'000	2018 $'000
Cost		
Opening Balance	2,052	2,052
Acquired as part of a business combination (Refer to note 22)	1,535	-
Closing Balance	3,587	2,052
Amortisation		
Opening Balance	(467)	(92)
Charge recognised in statement of comprehensive income	(682)	(375)
Closing Balance	(1,149)	(467)
Net book value	**2,438**	**1,585**

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

11. INTANGIBLE ASSETS (continued)

GOODWILL

Cost	2019 $	2018 $
Opening Balance	2,218	2,218
Acquired as part of a business combination (Refer to note 22)	3,812	-
Closing Balance	6,030	2,218
Impairment		
Closing Balance	-	-
Net book value	**6,030**	**2,218**

Net book value	Capitalised Software Development	Computer Software	Customer Relationship Asset	Goodwill	Total
At 31 March 2019	1,629	157	2,438	6,030	10,254
At 31 March 2018	1,231	86	1,585	2,218	5,120

Intangibles acquired in a business combination

Intangibles are recognised on business combinations, if they are separately identifiable from the acquired entity or arise from other contractual/legal rights. Intangibles acquired through a business combination are recognised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

Customer relationships
Customer relationships acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition.

Following initial recognition, customer relationship intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

In the current year, management commissioned an independent valuation of the acquired companies' customer relationships in relation to the business combinations where the business combination accounting has been finalised. The acquired companies are Eule Lokalisierung GmbH ("Eule") and Management System Solutions SL ("MSS").

The fair value standards have been applied in accordance with NZ IFRS 3 and NZ IFRS 13. The fair value at the date of acquisition is determined by an estimated discounted cash flow valuation using the multi-period excess earnings technique.

Key assumptions and inputs are as follows:

Revenue was based on pre-acquisition historical financial information adjusted for known losses and customers at the end of contracts.

	MSS	Eule
Annual customer growth rates	1%	2%
Gross margin	55% - 56%	53%
Earnings before interest, tax, depreciation and amortisation rate	15%	15%
Discount rate %	8.8%	8.1%
Customer relationship useful economic life	4 years	4 years

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

11. INTANGIBLE ASSETS (continued)

Goodwill
Goodwill represents the excess of the cost of a business combination over the total fair value of the identifiable assets (including intangibles), liabilities and contingent liabilities acquired at acquisition date.

Cost comprises the fair value of assets given, liabilities assumed, and equity instruments issued, plus the amount of any non-controlling interests in the acquiree. Contingent consideration is included in cost at its fair value at acquisition date and, in the case of contingent consideration classified as a financial liability, remeasured subsequently through profit or loss.

Direct costs of acquisition are recognised immediately as an expense.

Goodwill is capitalised as an intangible asset with any impairment in carrying value being charged to the profit or loss. Where the fair value of identifiable assets, liabilities and contingent liabilities exceed the fair value of consideration paid, the excess is credited in full to profit or loss on acquisition date.

Intangible asset impairment
The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible
asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for prospectively by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss. Customer relationship intangible assets are amortised over 4-6 years on a straight line basis.

Goodwill impairment
The carrying amount of goodwill has been allocated to the cash generating units (CGUs) as follows:

	Eurotext $'000	Elanex $'000	MSS $'000	Eule $'000	Com $'000	Total $'000
31March2019	449	1,769	1,797	930	1,085	6,030
31March2018	449	1,769	-	-	-	2,218

The Group has allocated goodwill to each of its acquired subsidiaries, as the smallest identifiable asset or group of assets that each generate cash inflows that are largely independent of the cash inflows from other assets and subsidiaries in the Group. The CGUs have been defined in note 23.

The Group is required to test, on an annual basis, whether goodwill has suffered any impairment, by comparing the carrying amount of each CGU to its recoverable amount.

The recoverable amount of all CGUs have been determined based on value-in-use calculations, with the exception of Com, which has been derived from its fair value less cost to sell based on its recent transaction price. These calculations use pre-tax cash flow projections based on 2020 financial budgets approved by the Board, projected over a five-year period. Cash flows beyond the five-year period are extrapolated using the terminal growth rates stated below.

The key assumptions and inputs to the value in use calculations are as follows. All values are NZD'000.

	Eurotext	Elanex	MSS	Eule
Annual revenue growth rates	-1 – 4%	-3%	3% - 9%	-2% - 5%
Gross margin rate	47% - 53%	46%	55% - 57%	55% - 56%
Discount rate %	14.40%	14.40%	14.40%	14.40%
Terminal growth rate	2.50%	2.84%	0.98%	0.32%

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

11. INTANGIBLE ASSETS (continued)

Gross margin is expected to increase over time from the level experienced in FY2019 to the amounts above, which are closer to the Group's norms and are based on historic margins achieved.

Based on the value in use calculations, there is no impairment of goodwill. If any one of the following reasonably possible changes were made to the above key assumptions for the Elanex CGU, the carrying value and recoverable amount would be equal.

	Elanex
Decrease in revenue ($US 000)	311
Gross margin rate	42.8%
Discount rate	16%

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

12. PLANT AND EQUIPMENT

2019	**Motor Vehicles $'000**	**Furniture and Fittings $'000**	**Leasehold Equipment $'000**	**Computer Equipment $'000**	**Total $'000**
Cost					
Balance at 1 April 2018	-	60	19	297	376
From acquisitions (note 22)	48	6	-	44	98
Additions	-	12	4	68	84
Disposals	-	-	-	(4)	(4)
Balance at 31 March 2019	48	78	23	405	554
Accumulated Depreciation					
Balance at 1 April 2018	-	32	4	230	266
Depreciation charge for the year	7	12	2	56	77
Disposals	-	-	-	(3)	(3)
Balance at 31 March 2019	7	44	6	283	340

2018	**Motor Vehicles $'000**	**Furniture and Fittings $'000**	**Leasehold Equipment $'000**	**Computer Equipment $'000**	**Total $'000**
Cost					
Balance at 1 April 2017	-	59	19	246	324
Additions	-	1	-	51	52
Disposals	-	-	-	-	-
Balance at 31 March 2018	-	60	19	297	376
Accumulated Depreciation					
Balance at 1 April 2017	-	23	-	173	196
Depreciation charge for the year	-	9	4	57	70
Balance at 31 March 2018	-	32	4	230	266
Net book value					
At 31 March 2019	41	34	17	122	214
At 31 March 2018	-	28	15	67	110
At 31 March 2017	-	36	19	73	128

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

12. PLANT AND EQUIPMENT (continued)

Owned assets
All plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items bringing them to the condition and location intended by management.

Where material parts of an item of plant and equipment have different useful lives, they are accounted for as separate items of plant and equipment.

Subsequent costs
Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation
Depreciation is recognised in profit or loss over the estimated useful lives of each part of an item of plant and equipment. The gain or loss arising on the disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

The following depreciation rates are used in both years:

- Computer equipment 25% -50% Straight Line
- Furniture and fittings 25% -50% Straight Line
- Leasehold equipment 8% -10% Straight Line

The residual value, depreciation method and estimated useful life of plant and equipment are reassessed at each reporting date.

Leased Assets
Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantively all of the risks and rewards incidental to ownership are not transferred to the Group (an 'operating lease'), the total rentals payable under the lease are charged to profit or loss on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

13. TRADE PAYABLES

	2019 $'000	2018 $'000
Trade payables	718	511

No interest is incurred on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

14. SUNDRY CREDITORS AND ACCRUALS

	2019 $'000	2018 $'000
Accruals	809	449
Translator costs accrual	1,686	989
Goods and services tax	207	125
Contract liability	145	238
	2,847	1,801

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

15. EMPLOYEE PROVISIONS

	2019 $'000	2018 $'000
Provision for holiday pay	363	223

16. OPERATING LEASE ARRANGEMENTS - AS LESSEE

Minimum lease payments - Non-cancellable operating lease commitments

	2019 $'000	2018 $'000
Minimum lease payments - Non-cancellable operating lease commitments		
No longer than one year	301	268
Longer than one year and not longer than five years	245	78
	546	346

The Group as lessee
Operating leases relate to office premises with lease terms of between 1 to 2 years. All operating lease contracts contain market review clauses in the event that the Group exercises its option to renew. The Group does not have an option to purchase the leased asset at the expiry of the lease period.

17. CONTINGENT CONSIDERATION AND DEFERRED CONSIDERATION LIABILITIES

	2019 $'000	2018 $'000
Due within one year		
Contingent consideration	1,039	481
Deferred consideration [1]	230	287
Due after more than one year		
Contingent consideration	1,114	462
Total	2,383	1,230
Movement during the year		
Opening balance	1,230	3,216
On acquisition [2]	2,620	-
Paid in year [3]	(1,151)	(1,001)
Gain on fair value of contingent consideration [4]	(423)	(1,079)
Unwinding of imputed interest on deferred consideration	107	94
Closing balance	2,383	1,230

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

17. CONTINGENT CONSIDERATION AND DEFERRED CONSIDERATION LIABILITIES (continued)

[1] The Group previously reported the acquisition of Elanex Translations Inc. ("Elanex") in the period ended 31 March 2017. In relation to the acquisition of Elanex, deferred consideration in the form of a promissory note amounting to $230,000 (USD 150,000) remains at 31 March 2019, and is payable on 1 December 2019.

[2] Note 22 details the business combinations completed in the current period for MSS, Eule and Com.

MSS

In relation to the acquisition of MSS, a total earn out liability of EUR 372k is payable upon the successful achievement of revenue targets on 1 June 2019. A further earn out liability of EUR 348k is payable upon the expected successful achievement of revenue targets on 1 June 2020. A contingent consideration liability of EUR 720k has been recognised based on the successful achievement of revenue targets. The calculation is based on; the potential revenue forecast for the year to 31 May 2019 and 31 May 2020, is payable in EUR and has been discounted based on the Group's incremental borrowing rate and the number of years remaining under the earn out period.

Eule

In relation to the acquisition of Eule, a total earn out liability of EUR 257k is payable upon the successful achievement of revenue targets on 1 July 2019. A further earn out liability of EUR 257k is payable upon the expected successful achievement of revenue targets on 1 July 2020. A contingent consideration liability of EUR 514k was recognised at 30 September 2018. The calculation was based on the potential revenue forecast for the year to 30 June 2019 and 30 June 2020, is payable in EUR and has been discounted based on the Group's incremental borrowing rate and the number of years remaining under the earn out period.

Since this date, actual revenue performance and forecast revenue to 30 June 2019 indicates that the full revenue earnout target may not be met. The contingent consideration liability has been fair valued at the year end to EUR 344k, with a gain on fair value of EUR 170k ($276,000) being recognised in profit or loss.

The Group has an unrecognised contingent liability of an additional EUR170k should Eule achieves its full revenue targets and the earn out becomes payable.
Refer to note 21 for sensitivity analysis to significant unobservable inputs to the earn out calculation (including forecast revenue) for the Eule contingent consideration liability.

Com

In relation to the acquisition of Com, a total earn out liability of EUR 300k is payable upon the successful achievement of revenue targets on 31 March 2020. A further earn out liability of EUR 182k is payable upon the expected successful achievement of revenue targets on 31 March 2021. A contingent consideration liability of EUR 176k and 89k, respectively, has been recognised based on the expected achievement of revenue targets. The calculation is based on the revenue forecast for the year to 31 March 2020 and to 31 March 2021, is payable in EUR and has been discounted based on the Group's incremental borrowing rate and the number of years remaining under the earn out period.

The Group has an unrecognised contingent liability of an additional EUR217k should Com achieve its full revenue targets and the earn out becomes payable.

[3] During the 2019 financial year the Group paid out $1,151,000 of consideration liabilities.

[4] Gain on fair value adjustment to contingent consideration liability of $423,000 has been released to profit and loss in the year. This includes the fair value Eule contingent consideration of $276,000 (explained above), as well as $147,000 relating to Elanex actual revenue being less than earn out targets at the end of the earn out period.

All contingent consideration liabilities have been discounted to fair value based on the Group's incremental borrowing rate and translated to NZD at the year-end exchange rate.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

18. SHARE CAPITAL

	2019 $'000	2018 $'000
Ordinary capital		
Balance at beginning of the year	10,895	3,197
Proceeds from issue of ordinary shares during the year	20,091	11,272
Ordinary shares issued during the year – consideration as part of business combination	172	-
Converted redeemable preference capital	10,507	-
Repayment of proceeds to existing shareholders	-	(3,082)
Costs of share issue	(1,542)	(492)
Balance at end of the year	40,123	10,895
Redeemable preference capital		
Balance at beginning of the year	10,507	10,507
Converted to ordinary shares during the year	(10,507)	-
Balance at end of the year	-	10,507
Total Share Capital	**40,123**	**21,402**

	2019	2018
Ordinary shares		
Share capital at the beginning of the year	2,905,399	2,366,255
Converted redeemable preference capital	1,123,995	-
	4,029,394	2,366,255
Share split of 10:1	36,264,546	-
Ordinary shares issued during the year	12,191,170	742,060
Ordinary shares issued during the year – consideration as part of business combination	113,500	-
Ordinary shares redeemed during the year	-	(202,916)
Balance at end of the year	52,598,610	2,905,399
Preference shares		
Numbers of Shares at the beginning of the year	1,123,995	1,123,995
Converted to ordinary shares during the year	(1,123,995)	-
Balance at end of the year	-	1,123,995

The company has issued 52,598,610 ordinary shares (2018: 2,905,399) at year end. These shares have no par value. Ordinary shares have equal voting rights and share equally in dividends and surplus on winding up.

The Company has on issue nil convertible preference shares (2018: 1,123,995). The convertible preference shares had equal voting rights and shared equally in dividends as ordinary shares but ranked ahead of ordinary shares on wind up. During the year, 1,123,995 convertible preference shares were converted to ordinary shares prior to the IPO (2018: nil).

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

19. CAPITAL MANAGEMENT

The Group's capital includes share capital and retained earnings. The Group's policy is to maintain a strong share capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

While the Group is in growth mode, and is incurring operating losses, the Group issues new share capital from time to time to ensure that the Group has sufficient resources to enable the settlement of liabilities as they fall due. The Group has raised significant additional resources through an Initial Public Offering on the Australian Stock Exchange in the current year.

The Group's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors. There have been no material changes in the Group's management of capital during the period.

20. EVENTS AFTER THE REPORTING PERIOD

There were no reported significant events after balance sheet date as at 31 March 2019.

21. FINANCIAL RISK MANAGEMENT

The Group has exposure to the following risks from its use of financial instruments:
- Credit risk;
- Liquidity risk; and
- Foreign exchange risk

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Principal financial instruments
The principal financial instruments used by the Group, from which financial instrument risk arises, are as follows:

- Cash and cash equivalents
- Trade receivables
- Trade payables, accruals and translator costs accrual
- Deferred and contingent consideration liability

Financial risk management objectives, policies and processes

The Group manages their exposure to key financial risks, including credit risk, liquidity risk and foreign exchange risk in accordance with the Group's financial risk management policies. The objective of these policies is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Board reviews and agrees policies for managing each of these risks as summarised below.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

21. FINANCIAL RISK MANAGEMENT (continued)

i) Financial instruments by category

31 March 2019	Financial Assets at Amortised Cost $'000-	Liabilities at Amortised Cost $'000-	Fair value through Profit or Loss $'000	Total Carrying Amount $'000
Financial Assets				
Cash and cash equivalents	17,669	-	-	17,669
Trade receivables	3,908	-	-	3,908
Total	21,577	-	-	21,577
Financial Liabilities				
Trade payables	-	(718)	-	(718)
Accruals	-	(809)	-	(809)
Translator costs accrual	-	(1,686)	-	(1,686)
Contingent consideration	-	-	(2,153)	(2,153)
Deferred consideration	-	(230)	-	(230
Total	-	(3,443)	(2,153)	(5,596)

Maturity analysis – Contractual liabilities	Due Current	Due 1-12m	Due 13-24 m	Due 25-36m	Total
Trade payables	718	-	-	-	718
Accruals	809	-	-	-	809
Translator costs accrual	1,686	-	-	-	1,686
Contingent consideration	-	1,039	1,114	-	2,153
Deferred consideration	-	230	-	-	230
Total	3,213	1,269	1,114	-	5,596

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

21. FINANCIAL RISK MANAGEMENT (continued)

31 March 2018	Financial Assets at Amortised Cost $'000-	Liabilities at Amortised Cost $'000-	Fair value through Profit or Loss $'000	Total Carrying Amount $'000
Financial Assets				
Cash and cash equivalents	7,824	-	-	7,824
Trade receivables	1,994	-	-	1,994
Total	9,818	-	-	9,818
Financial Liabilities				
Trade payables	-	511	-	511
Accruals	-	449	-	449
Translator costs accrual	-	989	-	989
Contingent consideration	-	-	943	943
Deferred consideration	-	287	-	287
Total	-	2,263	943	3,179

Maturity analysis	Due Current	Due 1-12m	Due 13-24 m	Due 25-36m	Total
Trade payables	511	-	-	-	511
Accruals	449	-	-	-	449
Translator costs accrual	989	-	-	-	989
Contingent consideration	-	481	462	-	943
Deferred consideration	-	287	-	-	287
Total	1,949	768	462	-	3,179

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

21. FINANCIAL RISK MANAGEMENT (continued)

Financial instruments not measured at fair value
Financial instruments not measured at fair value include cash and cash equivalents, trade receivables, trade payables, accruals and deferred consideration. Due to their short term nature, the carrying value of each approximates their fair value.

Financial instruments measured at fair value
The fair value hierarchy of financial instruments measured at fair value is provided below.

Level 3	2019 $'000	2018 $'000
Financial Liabilities		
Contingent consideration liabilities	2,153	943

There are no Level 1 or Level 2 financial instruments.
There were no transfers between levels during the year.

Quantitative information on significant unobservable inputs – Level 3
The fair value of the Level 3 contingent consideration liability has been determined by discounted cash flow valuation technique. This has been determined with reference to unobservable inputs, including forecast revenue as explained in note 17, and cost of debt of 6.4%.

There was no change to the valuation technique used during the year.

Sensitivity analysis to significant changes in unobservable inputs – Level 3

A 1.35% decrease in the forecast revenue input has a EUR 87k effect on the gain on fair value of the contingent consideration liability recognised at fair value through profit or loss. This is in relation to the Eule current contingent consideration liability at year end.

ii) Credit Risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which potentially subject the Group to credit risk principally consist of cash and cash equivalents and trade receivables.

In the normal course of business, the Group incurs credit risk from debtors and transactions with banking institutions. The Group manages its exposure to credit risk by:

- holding bank balances with banking institutions with good credit ratings; and
- maintaining credit control procedures over debtors. The Group performs credit evaluations on all customers requiring credit.

The maximum exposure at reporting date is equal to the total carrying amount of cash and cash equivalents, and trade receivables as disclosed in the Statement of Financial Position. At each reporting date, trade receivables are reviewed for future expected credit losses in accordance with note 27 (e).

The Group does not require any collateral or security to support these financial instruments and other debts it holds due to the low risk associated with the counterparties to these instruments.

Trade receivables, as provided in note 9, remain current and no balances are past due or impaired.

A significant amount of cash and cash equivalents is held with the following institutions:

	Rating	2019 $000	2018 $000
AIB	BAA3	680	290
ANZ	A1	13,998	4,620
Banco Sabadell	BAA3	56	1,862
Citibank N.A.	AA3	572	524
Commerzbank	BAA2	357	-
La Caixa	BAA1	576	-

iii) Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due. The Group closely monitors its cash inflows and cash requirements to manage the net position in order to maintain an appropriate liquidity position. The Directors consider that with the monies raised from the issue of share capital (Note 18) that liquidity is sufficient for the foreseeable future. Refer to financial instrument maturity analysis in Note 21 (i).

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

21. FINANCIAL RISK MANAGEMENT (continued)

iv) Foreign currency risk
The Group has exposure to foreign exchange risk as a result of transactions denominated in foreign currencies arising from normal trading activities. The foreign currencies in which the Group primarily transacts are Euros and US Dollars (USD).

The Group's sales are made primarily in USD and Euros and the Group's cost of sales (translator costs) are also mainly in USD or Euros. The Group, therefore, manages its foreign currency risk through a natural hedge within its gross profit margin.

The Group's operating expenses are incurred primarily in New Zealand Dollars.

Outside of the natural hedge with its gross profit margin, the Group has not historically hedged its foreign currency exposure and as a result the Group's earnings are exposed to the net impact of movements in foreign exchange rates on sales, employee expenses and purchases in the foreign currencies in which the transactions occur, and realised and unrealised gains and losses on foreign currency movements.

The following significant exchange rates applied during the year:

	Monthly average rate		Reporting date spot rate	
	2019	**2018**	**2019**	**2018**
EUR	0.5881	0.6209	0.6065	0.5877
USD	0.6797	0.7114	0.6804	0.7243

The table below summarises the material foreign exchange exposure on the net monetary assets and liabilities of entity against the significant foreign currencies in which the Group primarily transacts, expressed in NZD:

	2019 NZD'000	**2018 NZD'000**
EUR	7,325	2,448
USD	7,600	603

Sensitivity analysis
Based on the net exposure above, the table below outlines the sensitivity of profit and equity to reasonably likely movements of that currency to the NZD.

	2019 NZD'000	**2018 NZD'000**
10% weakening in NZD/EUR	403	138
5% strengthening in NZD/EUR	(364)	(214)
10% weakening in NZD/USD	410	43
5% strengthening in NZD/USD	(371)	(64)

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

22. BUSINESS COMBINATIONS COMPLETED IN CURRENT PERIOD

During the year, the Group acquired three subsidiary companies, Management System Solutions SL ("MSS"), effective from 1 June 2018, Eule Lokalisierung GmbH ("Eule") effective from 1 July 2018 and ComTranslations Online Inc ("Com") effective from 1 March 2019.

These entities are providers of translation services and the acquisitions were made as part of the growth strategy of the Group. The goodwill for the acquisitions reflect intangibles assets which do not qualify for separate recognition and include synergies expected.

Management System Solutions SL ("MSS")
On 1 June 2018 the Group obtained control of MSS by acquisition of 100% of the share capital of the company.

Eule Lokalisierung GmbH ("Eule")
On 1 July 2018 the Group obtained control of Eule by acquisition of 100% of the share capital of the company.

As disclosed in the Condensed Interim Financial Report for the half-year ended 30 September 2018, the value of the identifiable net assets of the subsidiary companies was determined on a provisional basis as the Group were still obtaining historical information in respect of customers acquired in the acquisitions. Other than adjustments required to account for the fair value of customer list intangible assets and associated deferred tax liabilities, and the subsequent change to goodwill, changes to assets and liabilities acquired consist of allowable offsets and applying appropriate accrual accounting adjustments to the opening balances.

Details of the final fair value of identifiable assets and liabilities, purchase consideration and goodwill are as follows. All amounts are NZD'000.

MSS	**Provisional fair value**	**Adjustment**	**Final fair value**
	$'000	**$'000**	**$'000**
Cash	1,660	-	1,660
Debtors and other receivables	852	(200)	652
Fixed assets	21	(6)	15
Intangible assets	37	879	916
Creditors and accruals	(550)	164	(386)
Deferred tax liability	-	(246)	(246)
Total net assets	2,020	591	2,611
Cash paid (NZD)			3,259
Fair value of contingent consideration liability on acquisition (note 17)			1,149
Total consideration transferred			4,408
Goodwill (note 11)			1,797

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

22. BUSINESS COMBINATIONS COMPLETED IN CURRENT PERIOD (continued)

Eule	**Provisional fair value**	**Adjustment**	**Final fair value**
	$'000	**$'000**	**$'000**
Cash	513	-	513
Debtors and other receivables	763	-	763
Fixed assets	50	-	50
Intangible assets	56	656	712
Creditors and accruals	(482)	(21)	(503)
Deferred tax liability	-	(184)	(184)
Total net assets	900	451	1,351
Cash paid (NZD)			1,072
Shares in Straker Translations Limited (note 18)			172
Fair value of contingent consideration liability on acquisition (note 17)			1,037
Total consideration transferred			2,281
Goodwill (note 11)			930

ComTranslations Online SL ("Com")
On 1 March 2019 the Group obtained control of Com by acquisition of 100% of the share capital of the company.

At the reporting date, the purchase price allocation to goodwill in respect of the acquisition of Com is provisional as the Group is still obtaining historical information in respect of customers acquired.

The table below summarises the major classes of consideration transferred, and the recognised amounts of assets acquired, and liabilities assumed at the acquisition dates. All amounts are in NZD'000.

Book value of assets and liabilities acquired	**Com $'000**	**Total $'000**
Cash	-	-
Debtors and other receivables	227	227
Property, plant & equipment	33	33
Intangible assets	12	12
Creditors and accruals	(483)	(483)
Term debt	(408)	(408)
Total net assets	(619)	(619)
Cash paid	33	33
Fair value of contingent consideration liability (note 17)	433	433
	466	466
Provisional goodwill	1,085	1,085

Goodwill is not expected to be tax deductible.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

22. BUSINESS COMBINATIONS COMPLETED IN CURRENT PERIOD (continued)

The revenue and profit included in profit and loss since acquisition for each subsidiary is shown below:

	MSS $'000	**Eule $'000**	**Com $'000**	**Total $'000**
Revenue since date of acquisition	2,951	2,281	189	5,421
Profit before tax since date of acquisition	230	41	(7)	264

If the acquisition date for these business combinations had been 1 April 2018, the pro forma revenue and profit for each would have been:

Pro forma revenue for the year	3,442	3,198	1,551	8,191
Profit before tax since date of acquisition	235	85	(310)	10

A liability is recognised for contingent future earn out payments. This is detailed in note 17.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable. The Group measures goodwill at the acquisition date as:

- The fair value of consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquire; less
- The net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of contingent considerations are recognised in profit or loss.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

23. GROUP SUBSIDIARIES

Subsidiary	Country of Incorporation	Ownership Interest 2019	Ownership Interest 2018
Straker Europe Limited	Ireland	100%	100%
STS Translations Inc. (USA)	United States of America	100%	100%
Straker Translations Pty Limited	Australia	100%	100%
Straker Spain SL	Spain	100%	100%
Straker UK Limited	United Kingdom	100%	100%
Eurotext Translations Limited ("Eurotext")	Ireland	100%	100%
Elanex Translations Inc. ("Elanex")	United States of America	100%	100%
Hong Kong Translations Limited	Hong Kong	100%	100%
Management System Solutions SL ("MSS")	Spain	100%	-
Eule Lokalisierung GmbH ("Eule")	Germany	100%	-
ComTranslations Online SL ("Com")	Spain	100%	-

Management System Solutions SL and ComTranslations Online SL are 100% subsidiaries of Straker Spain SL. Straker Spain SL, Straker UK Limited and Eurotext Translations Limited are 100% subsidiaries of Straker Europe Limited. Elanex Translations Inc. is a 100% subsidiary of STS Translations Inc. (USA). All subsidiary companies have 31 March balance dates.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

24. RECONCILIATION OF NET PROFIT FOR THE YEAR WITH NET CASH FLOWS FROM OPERATING ACTIVITIES

	2019 $'000	2018 $'000
Net loss after tax for the year	(4,329)	(1,524)
Adjusted for:		
Non-cash items		
Amortisation of capitalised software development	333	208
Amortisation of computer software	48	27
Amortisation of acquired intangibles	682	376
Impairment loss on trade receivables	50	35
Depreciation	77	70
Asset written off	9	2
Imputed interest on deferred consideration liability	107	95
Fair value of contingent consideration liability on acquisition	(423)	(1,079)
Share options	111	61
Taxation	(155)	(131)
Unrealised foreign currency loss	627	121
Non-operating expenses		
IPO related costs	1,953	-
Acquisition costs	593	-
Impact of changes in working capital items		
Movement in debtors, prepayments and other debtors	(920)	200
Movement in creditors, accruals and other payables	44	330
Movement in tax provisions	126	(29)
Net cash flow from operating activities	(1,065)	(1,238)

Changes in liabilities arising from financing activities

The difference between the repayment cash outflow for deferred and contingent consideration of $1,151,000 presented in the statement of cash flows and the increase in the deferred and contingent consideration liabilities on the statement of financial position of $1,152,000 has been detailed in note 17. This includes non cash items.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

25. RELATED PARTY TRANSACTIONS

The Group's related parties include its subsidiary companies as disclosed in note 23. All related party transactions within the Group are eliminated on consolidation.

a) Transactions with other related parties during the normal course of business

No other related party transactions were noted during the year.

b) Transactions with directors and key management personnel

As required by s(211)(f) of the Companies Act 1993, the following director and key management personnel remuneration was paid out during the year. All amounts are NZD'000.

Directors 2019	Director Fees	Consulting Fees	Employee Benefits – Defined Contribution Plan	Salary & Fees	Total $'000
Grant Straker	-	-	11	290	301
Stephen Donovan	46	77	-	-	123
Philip Norman	65	-	-	-	65
Tim Williams	47	-	-	-	47
Paul Wilson	45	-	-	-	45
Katrina Johnson	36				36
James Johnstone	20	-	-	-	20
	259	77	11	290	637

2018	Director Fees	Consulting Fees	Employee Benefits – Defined Contribution Plan	Salary & Fees	Total $'000
Grant Straker	-	-	10	268	278
Stephen Donovan	40	34	-	-	74
Philip Norman	50	-	-	-	50
Tim Williams	42	-	-	-	42
Paul Wilson	40	-	-	-	40
James Johnstone	40	-	-	-	40
	212	34	10	268	524

Key management personnel including the Chief Executive Officer

	2019 $'000	2018 $'000
Employee benefits	1,325	278

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly. Key management personnel includes the Executive Team. In the previous year, the CEO was defined as the key management personnel.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

26. SHARE OPTIONS

Options to subscribe for shares have been issued to certain Directors and employees of the Group. The purpose of this plan is to incentivise, attract, retain and reward certain staff for their service to the Group and to motivate them to contribute to the growth and profitability of the Group.

The options vest at each financial year end. All options are fully exercisable by 26 February 2022.

Reconciliation of outstanding options	Number of Options	Average Exercise Price
Balance at 1 April 2017	88,829	$9.20
Issued during the year	36,079	$15.19
Lapsed/Exercised during the year	(839)	$5.96
Balance at 31 March 2018	124,069	$10.90
Issued during the year pre share split	2,633	$15.19
Balance pre share split	126,702	$10.99
Balance after share split at 10:1	1,267,020	$1.10
Issued during the year post share split	1,122,790	$1.64
Lapsed/Exercised during the year	(95,266)	$1.09
Balance at 31 March 2018	2,294,544	$1.36

The fair value of options granted was measured based upon the Black Scholes pricing model. Expected volatility is estimated by considering historic average share price and volatility.

Fair Value on grant date	2019 $	2018 $
Share Price at grant date (after share split 10:1)	$1.64	$1.52
Exercise Price	$1.64	$1.52
Expected Volatility	30%	30%
Expected Life	3 years	3 years
Risk Free rate	3%	3%
Black out fact (until 30 September 2020)	25%	-

Directors
The following directors hold the following number of options as at balance date:

Name	2019 Exercise Price	2019 Number of Options	2018 Exercise Price	2018 Number of Options
Stephen Donovan	$1.32	66,960	$5.96	4,196
Katrina Johnson	$1.32	25,000	-	-
Philip Norman	$1.32	91,960	$5.96	4,196
Grant Straker	$1.32	341,960	$5.96	4,196
Tim Williams	$1.32	25,000	-	-
Paul Wilson	$1.32	50,000	-	-

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

26. SHARE OPTIONS (continued)

Key management personnel including the Chief Executive Officer
The key management personnel hold the following number of options as at balance date:

	2019 Exercise Price	2019 Number of Options '000	2018 Exercise Price	2018 Number of Options
Key management personnel	$1.40	1,417	$5.96	4,196

27. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Consolidation
The financial statements incorporate the financial statements of the Parent and entities controlled by the Company (its subsidiaries). Control exists when the Parent is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

The results of subsidiaries acquired or disposed of during the period are included in the profit or loss from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group. All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

b) Foreign currency translation
Transactions entered into by Group entities in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the year end date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

On consolidation, the results of overseas operations are translated into New Zealand dollars at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the year end date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.
Exchange differences recognised to profit or loss in the Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

c) Goods and Services Tax
Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST (the net amount of the GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

Cash flows are included in the statement of cash flows on a net basis. The GST component of cash flows arising from investing and financing which is recovered from or paid to, the taxation authority is classified as operating cash flow.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

27. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

d) Financial instruments

Non-derivative financial assets
The Group classifies its financial assets as financial assets at amortised cost.

Amortised cost
These assets arise principally from the provision of services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

Non-derivative financial liabilities
Non-derivative financial liabilities comprise trade payables, accruals, translator costs accrual, deferred consideration liability and contingent consideration liability.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

27. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (including liabilities at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the following:

- Other financial liabilities at amortised cost

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group's other financial liabilities comprise: trade payables, accruals, translator costs accrual, and deferred consideration liability.

- Financial liabilities at fair value through profit or loss ("FVPL")

After initial measurement, the Group measures its financial instruments which are classified as at FVPL, at fair value. Subsequent changes in the fair value of those financial instruments are recorded in net gain or loss on financial assets and liabilities at FVPL in profit or loss. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in profit or loss.

Financial liabilities at fair value through profit or loss comprise contingent consideration liability.

e) Impairment of assets

Financial assets – trade receivables
Impairment provisions for current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.
Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of comprehensive income (operating profit).

Non-financial assets
The carrying amounts of the Group's non-financial assets other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount is estimated.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in profit or loss.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

A cash-generating unit is the smallest group of assets that independently generates cash flow and whose cash flow is largely independent of the cash flows generated by other assets.

Goodwill is tested for impairment annually.

Notes to and forming part of the Financial Statements
For the year ended 31 March 2019

continued

27. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

f) Employee benefits

Short Term Employee Benefits
Liabilities for wages and salaries, including non-monetary benefits and annual leave settled within twelve months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled on an undiscounted basis. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

Defined contribution schemes
Contributions to defined contribution schemes are charged to the profit or loss in the year to which they relate.

Equity settled share option plan
The Employee Share Option Plan allows Group employees to acquire shares in the Company. The fair value of options granted is recognised as an employee expense in profit and loss with a corresponding increase in the share option reserve. The fair value is measured at the grant date and spread over the vesting periods. The fair value of the options granted is measured using the Black-Scholes pricing model, taking into account terms and conditions upon which the options are granted. When options are exercised the amount in the share option reserve relating to those options, together with the exercise price paid by the employee, is transferred to share capital. The amounts that relate to vested options which lapse or pass maturity is transferred to retained earnings.

Straker Translations and Group Corporate Governance Statement

FOR THE YEAR ENDED 31 MARCH 2019

Corporate Governance Statement
for the year ended 31 March 2019

The board of directors of Straker Translations Limited **(Straker)** is committed to upholding a high standard of corporate governance. Straker complies as far as possible with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) which came into effect on 1 July 2014 **(ASX Corporate Governance Principles and Recommendations)** having regard to the nature and size of Straker's operations.

This corporate governance statement outlines Straker's commitment to achieving compliance with the central principles of the recommendations set by the ASX Corporate Governance Council based on:

- an overview of Straker's implementation of the ASX Corporate Governance Principles and Recommendations during the year ended 31 March 2019;
- an explanation of the ASX Corporate Governance Principles and Recommendations with which Straker does not currently comply and the reasons for any non-compliance; and
- a statement of Straker's intention to take certain actions and adopt certain policies and processes in order to achieve compliance with the ASX Corporate Governance Principles and Recommendations.

Straker's board charters, corporate governance principles and policies are available on Straker's website at www.strakertranslations.com

This Corporate Governance Statement was approved by the Board on 26 June 2019.

Principle 1:
Lay solid foundations for management and oversight

A listed entity should establish and disclose the respective roles and responsibilities of its board and management and how their performance is monitored and evaluated.

The respective roles and responsibilities of Straker's board and management
Straker's board of directors is the body responsible for the overall corporate governance and decision making within the company. While Straker's senior executive management team (being employees of Straker who report directly to Straker's Chief Executive Officer) deal with and supervise the day-to-day operational issues and processes experienced by Straker in carrying out its business, the role of the board is to direct and supervise the management of Straker's business by its senior executive team, and to ensure that the longer term strategic objectives of the company continue to be met.

In order to promote efficiency, Straker's board of directors may from time to time delegate certain functions to its senior executive management team. Actions delegated to the senior executive management team typically involve management of Straker's resources to deal with day-to-day operations of the business in a way that contributes to Straker's overall strategic direction as set by the board of directors. Straker's board has delegated to the Managing Director all the powers and authorities required to manage the day-to-day operations of Straker's business.

Straker's Board Charter sets out the role and responsibilities of Straker's board of directors and regulates internal board procedures. Straker's Board Charter is available on Straker's website.

Selection and recommendation of director candidates
Before appointing or putting forward to shareholders any candidate for election or re-election as a director of Straker, a formal process is undertaken to complete appropriate checks on that candidate, including checks as to that candidate's character, experience, education, criminal record and bankruptcy history. If Straker is satisfied with the results of such checks and determines that the candidate be put forward to shareholders for election, Straker will provide shareholders with all material information in its possession relevant to a decision on whether or not to elect or re-elect that director candidate.

Terms of appointment of directors and senior executives
All newly appointed directors of Straker are provided with a letter of appointment setting out the term of appointment, remuneration, the director's roles and responsibilities and the entity's expectations of that director (including with regard to time commitments, the requirement to disclose directors' interests and matters affecting the director's independence, the requirement to comply with key corporate policies, and ongoing confidentiality obligations). Existing non-executive directors of Straker also have their terms of appointment formalised in a written letter of appointment setting out the above items.

All senior executive employees of Straker have their terms of employment (including a description of their position, duties and responsibilities, remuneration arrangements, the role to which they report, termination obligations and entitlements, and ongoing confidentiality obligations) contained in a written agreement with Straker.

The company secretary role
Straker's board has appointed a Sydney-based company secretary following completion of the Company's listing on the ASX. The company secretary performs the following functions for which she is accountable directly to Straker's board:

Corporate Governance Statement
for the year ended 31 March 2019

continued

- advising the board and its committees on governance matters;
- ensuring compliance with the Company's continuous disclosure obligations;
- monitoring that the board and committee policy and procedures are followed;
- coordinating the timely completion and despatch of board and committee papers;
- ensuring that the matters discussed at board and committee meetings are accurately captured in the minutes of those meetings; and
- helping to organise and facilitate the induction and professional development of directors.

Diversity
The Company is committed to creating and ensuring a diverse work environment in which everyone is treated fairly, with respect and where everyone feels responsible for the reputation and performance of the Company. Straker understands that diversity and inclusivity in the workforce is a strategic asset, and that a workplace with a genuine balance of employees by gender, age and background will strengthen Straker's business performance and create opportunities to access the best people for Straker's business.

Straker has developed a formal Diversity and Inclusion Policy, which was adopted upon the Company's listing to the ASX in October 2018. A copy of the policy can be found on the Company's website.

As at the date of this statement measurable objectives have not yet been formally established and it is the Board's intention to consider the establishment of measurable objectives in the forthcoming year. In order to demonstrate Straker's commitment to compliance with the ASX Corporate Governance Principles and Recommendations, Straker's Board of Directors intends that the Board will set appropriate and meaningful benchmarks that are able to be measured and monitored for effectiveness in addressing any gender imbalance issues that may be present in Straker's business.

After measurable objectives have been adopted for at least a 12-month period, Straker's Board of Directors will conduct a review of Straker's progress against the stated measurable objectives over the preceding 12 months and will disclose an overview of such progress in the Corporate Governance Statement for that year.

As at the year ended 31 March 2019, the respective proportions of men and women within Straker were as follows:

	Female	Male
Board of directors	1	5
Senior executive team	2	4
All other employees (not including senior executive staff)	65	53

Performance Management
Straker undertakes formal evaluation processes on an annual basis to review the performance of Straker's board, various board committees, individual directors and senior executive employees. These evaluation processes will be conducted as follows:

- **Board performance and board committee performance:** Straker's board conduct an annual self-review and evaluation of its own performance (with assistance from the Nominations and Remuneration Committee and the company secretary), including the board's performance against the requirements of the Board Charter.
- **Individual director performance:** Straker's chairperson of the board will conduct performance reviews with individual directors on an annual basis.
- **Senior executive employee performance:** The Nominations and Remuneration Committee will periodically evaluate the performance of Straker's senior executives in accordance with the provisions of Straker's Nominations and Remuneration Committee Charter, which is available on Straker's website.

Straker's board of directors conducted formal performance review in accordance with the abovementioned processes prior to the date of Straker's annual report for the year ended 31 March 2019, and will conduct a similar review at or around the end of each following year. The evaluation process noted strengths, recommended improvements and identified areas for increased focus.

Principle 2:
Structure the board to add value

A listed entity should have a board of an appropriate size, composition, skills and commitment to enable it to discharge its duties effectively.

Straker understands the importance of a high performing and effective board of directors in ensuring proper governance of a listed entity. Straker has structured its board of directors in accordance with the recommendations set out in the ASX Corporate Governance Principles and Recommendations to ensure that the board is of a sufficient size, independence

Corporate Governance Statement
for the year ended 31 March 2019

continued

level, and skill set composition to enable it to manage the requirements of Straker's business and the industry and market in which it operates.

Nominations and Remuneration Committee
Straker's Nominations and Remuneration Committee is tasked with overseeing and making recommendations to Straker's board of directors on the nomination, selection and appointment of directors to Straker's board, the re-election of incumbent directors, and the remuneration strategies and policies of the company, including recommendations on the fees to be paid to directors.

The Nominations and Remuneration Committee has three members, with current members being Tim Williams, Paul Wilson and Katrina Johnson (a majority of whom are independent non-executive directors) and is chaired by Tim Williams who is an independent director of Straker, in accordance with the requirements of the ASX Corporate Governance Principles and Recommendations. The Nominations and Remuneration Committee Charter sets out the board's policies and practices regarding the nomination, selection and appointment of new directors and the re-election of incumbent directors, as well as the board's policies regarding the remuneration of non-executive directors and other senior executives and is available on the Company's website.

Board composition and independence
As at the year ended 31 March 2019, Straker's board comprised the following five non-executive directors and one executive director:

Name	Position	Date appointed to Straker's board
Phil Norman	Chairperson and independent non-executive director	13 January 2014
Grant Straker	Executive director	21 December 1999
Steve Donovan	Non-executive director	1 December 2004
Paul Wilson	Non-executive director	22 September 2015
Katrina Johnson	Independent non-executive director	3 July 2018
Tim Williams	Independent non-executive director	24 June 2015

The board of directors' notes that James Johnstone resigned from Straker's board shortly prior to the date of Straker's listing on the ASX. Katrina Johnson was appointed to the board as an independent non- executive director on 3 July 2018.

The Board only considers a Director to be independent where they are independent of management and free of any business or other relationship that could materially interfere with, or could reasonably be perceived to interfere with, the exercise of their unfettered and independent judgement. On this basis, Mr Phil Norman, Ms Katrina Johnson and Mr Tim Williams have been determined as being independent as at 31 March 2019 and for the full financial year ending on that date.
Mr Grant Straker, Mr Steve Donovan and Mr Paul Wilson are regarded as non-independent based on the ASX criteria in Principle 2 of the ASX Recommendations.

The Board considers the composition of the Board to be appropriate and does not believe that it is detrimental to the Company or its Shareholders that the majority of the Board is not independent.

The Nominations and Remuneration Committee will re-assess the independence of each non-executive director on an annual basis and in cases where a specific need for an independence assessment is identified due to a change in the interests, positions, associations or relationships of one or more non-executive directors. If Straker's board of directors determines that a director's status as an independent director has changed, the board will disclose and explain that determination to the market in a timely manner.

Skills and experience of Straker's board of directors
Straker recognises that its board of directors should represent a diverse range of skills, experience and attributes in order to ensure effective decision-making and governance of the company. Straker's board of directors is currently comprised of members with skills and experience in the following areas:

- information technology;
- investment banking;
- mergers and acquisitions;
- corporate governance;
- technology commercialisation;
- product development;
- sales and marketing; and
- finance.

There are also a range of qualifications currently represented across Straker's board of directors, including in the fields of finance and accounting, business management, sales and marketing, and software development. In addition, the appointment of non-executive director Katrina Johnson to Straker's board has filled a gap previously identified by the board in the area of legal qualifications and experience.

Straker's board of directors' review on an annual basis the skills, experience and attributes held by the directors and whether the board group as a whole possess the skills and experience required to fulfil their role on the board and relevant board committees. Where any gaps are identified, the board will consider what training or development could be undertaken to fill those gaps provide resources or access to resources to help develops and maintain the skills and knowledge of its directors.

Corporate Governance Statement
for the year ended 31 March 2019

continued

Induction of new directors and ongoing professional development
Where a new director is appointed to Straker's board, Straker's chairperson will arrange induction sessions with the new director in order to brief them on the background and growth story of the company and advise the new director on Straker's board procedures, constitutional documents, corporate governance policies and procedures.

Due to the current size and growth stage of Straker's business, the director induction and professional development processes of the company are largely informal. However, as Straker grows in size and market significance, Straker will consider providing directors with appropriate formalised professional training and development opportunities to allow new and existing directors to develop and maintain the skills and knowledge needed to perform their roles effectively.

Board and Committee Meeting Attendance
The number of scheduled Board and Committee meetings held during the year ended 31 March 2019 and the number of meetings attended by each of the directors is set out in the table below:

	Board Meeting		Audit & Risk Management Committee*		Nominations & Remuneration Committee*	
	A	B	A	B	A	B
Phil Norman	12	12	1	1	N/A	N/A
Grant Straker	12	12	N/A	N/A	1	1
Steve Donovan	9	12	1	1	N/A	N/A
Katrina Johnson**	9	9	1	1	N/A	N/A
Paul Wilson	11	12	N/A	N/A	1	1
Tim Williams	9	12	N/A	N/A	1	1
James Johnstone***	5	6				

* The committees were established upon the Company's listing on the ASX in October 2018. Further committee meetings have been held following balance date.
** Appointed as a director on 3 July 2018
*** resigned as a director on 21 September 2018

A = Number of meetings attended
B = Number of meetings held during the time the director held office or was a member of a committee during the year

Principle 3:
Act ethically and responsibly

A listed entity should act ethically and responsibly.

Straker is committed to complying with its legal obligations and to acting with honesty, integrity and in a manner consistent with the reasonable expectations of its investors and the wider community.

Code of Conduct
Straker expects that all of its directors, senior executives and employees will also act ethically and responsibly, in strict compliance with all applicable laws, regulations, and in accordance with accepted principles of good corporate citizenship. In order to demonstrate Straker's commitment to acting ethically and responsibly, Straker's board of directors has developed a Code of Conduct that clearly defines Straker's core values, articulates what Straker regards as acceptable business practices, and sets out the standards and expectations required of Straker's board of directors, senior executives and employees in performing their duties. Straker's Code of Conduct is available on Straker's website.

Principle 4:
Safeguard integrity in corporate reporting

A listed entity should have formal and rigorous processes that independently verify and safeguard the integrity of its corporate reporting.

Audit and Risk Management Committee
Straker's Audit and Risk Management Committee is tasked with reporting to Straker's board of directors on the integrity of Straker's financial reporting process, its internal and external audit functions, and its internal control and risk management process. In accordance with the requirements of the ASX Corporate Governance Principles and Recommendations, the Audit and Risk Management Committee comprises of at least three non-executive director members, being Steve Donovan, Katrina Johnson and Phil Norman (a majority of whom are independent directors).

The ASX Corporate Governance Principles recommend that the Audit and Risk Management Committee will be chaired by an independent director. Straker's board of directors have had regard to the skills and experience of the board and have determined that despite not being considered an independent director, Steve Donovan is the most appropriate member of the board to act as chair of the Audit and Risk Management Committee given his knowledge of Straker and its history of audit and risk issues, as well as his expertise and qualifications in the area of finance.

The relevant qualifications and experience of the members of the Audit and Risk Management Committee are available in the Annual Report.

The Audit and Risk Management Committee Charter sets out the policies and practices of Straker's board of directors regarding the financial audit and risk management processes of Straker and is available on the Straker's website.

Corporate Governance Statement
for the year ended 31 March 2019

continued

Declaration of Managing Director and CFO on financial statements
As a New Zealand incorporated company, Straker is not subject to section 295A(4) of the Corporations Act 2001 (Cth) (which requires that the CEO/Managing Director and CFO of a listed entity to provide certain declarations regarding the financial statements for that entity in each financial year). However, in accordance with the ASX Corporate Governance Principles and Recommendations, Straker's Managing Director and CFO provided to Straker's board of directors (prior to the approval by the board of Straker's financial statements for a financial period) a written opinion to the board of directors that, in their opinion:

- Straker's financial reports comply with the appropriate accounting standards;
- Straker's financial reports give a true and fair view of Straker's financial position and performance; and
- the opinion of the Managing Director and CFO has been formed on the basis of a sound system of risk management and internal control, which is operating effectively.

Attendance of external auditor at Annual General Meeting
In order to safeguard the integrity of Straker's corporate reporting process and to maintain free and open communication between the board of directors, shareholders and auditors, Straker requests that its external auditor attend Straker's Annual General Meeting so as to be available to answer any shareholder questions raised at or prior to the Annual Meeting about the conduct of the audit and the preparation and content of the audit report.

Principle 5:
Make timely and balanced disclosure

A listed entity should make timely and balanced disclosure of all matters concerning it that a reasonable person would expect to have a material effect on the price or value of its securities.

Complying with Continuous Disclosure Obligations
Straker complies with the continuous disclosure obligations contained in the ASX Listing Rules. As part of these continuous disclosure obligations, where Straker becomes aware of any information concerning the company that a reasonable person would expect to have a material effect on the price or value of the Straker's securities, Straker must immediately disclose that information to the market (subject to limited exceptions available under the ASX Listing Rules).

To encourage and assist compliance by Straker's board of directors and its employees with these continuous disclosure obligations, Straker's board of directors have developed a Continuous Disclosure Policy which is available on Straker's website. The Continuous Disclosure Policy has been developed with regard to ASX Listing Rules 3.1-3.1B and relevant ASIC regulatory guidance with respect to disclosure for investors. The company secretary will have primary responsibility for all relevant regulatory filings to ensure Straker's compliance with its continuous disclosure obligations.

Principle 6:
Respect the rights of security holders

A listed entity should respect the rights of its security holders by providing them with appropriate information and facilities to allow them to exercise those rights effectively.

Access to information about Straker and its governance
In accordance with the ASX Corporate Governance Principles and Recommendations, Straker has a "Investors" section on its website, from which all relevant corporate governance information about Straker can be accessed by the general public. Such information includes:

- this corporate governance statement;
- Straker's constitution, board charter and board committee charters;
- the Straker code of conduct;
- various corporate governance policies; and
- names, photographs and summarised biographical information for each of Straker's directors and senior executives.

Other relevant information and documents about Straker, including but not limited to copies of Straker's annual reports and financial statements, copies of Straker's announcements to the ASX, and copies of notices of meetings of shareholders (and any accompanying documents) can be accessed on relevant areas of Straker's website.

Shareholder relations
Straker has implemented a formal Shareholder Communications Policy to ensure that shareholders are provided with sufficient information to assess the performance of Straker at regular intervals and are informed of all major developments affecting the state of affairs of Straker, in accordance with applicable laws. A copy of Straker's Shareholder Communications Policy has been adopted and is available on Straker's website.
Pursuant to Straker's Shareholder Communications Policy, Straker regularly provides information to shareholders:

- market releases to the ASX in accordance with Straker's continuous disclosure obligations;
- the investor relations section of Straker's website;
- Straker's annual and half-yearly reports; and
- Straker's Annual Meeting.

In addition to providing shareholders with information about the company, Straker also provides opportunities for two-way communication between shareholders and Straker by requesting that its external auditor and the relevant chairs of the various board committees attend Straker's Annual Meeting to be available to answer any shareholder questions about the conduct of the audit and the preparation and content of the audit report, or about the activities of the various board

Corporate Governance Statement
for the year ended 31 March 2019

continued

committees. Shareholders are encouraged to express to the relevant Straker representatives present at the Annual Meeting any matters of concern or interest to shareholders, with the understanding that these views will be communicated to Straker's board of directors for consideration.

Shareholders who are not able to attend the Annual Meeting and exercise their right to ask questions about or make comments on the management of Straker will be given the opportunity to provide questions or comments ahead of the Annual Meeting. Where appropriate, these questions will be considered and answered at the Annual Meeting.

Electronic communications
Straker encourages its shareholders to receive information and communications from, and send communications to, Straker and its share registry electronically. Shareholders may elect to send and receive communications electronically by registering their email address online with Straker's share registry.

Principle 7:
Recognise and manage risk

A listed entity should establish a sound risk management framework and periodically review the effectiveness of that framework.

Straker is committed to the establishment and maintenance of a sound risk management framework encompassing oversight, management and internal control of risks within and facing Straker's business.

Audit and Risk Management Committee
As outlined above (see Principle 4), Straker's Audit and Risk Management Committee, oversees and reports to the board of directors on the integrity of Straker's financial reporting process and risk management process. Please see Principle 4 for further information on the membership structure and committee charter of Straker's Audit and Risk Management Committee.

Annual review of Straker's risk management framework
The Audit and Risk Management Committee, regularly reviews and discusses the major risks affecting Straker's business and develops strategies to mitigate these risks throughout the year, and reviews Straker's overall risk management framework at least annually to ensure that the framework continues to be effective and suitable to the risks involved in Straker's business.

Evaluating and improving risk management and internal control processes
While Straker does not have an internal audit function, Straker's board of directors ensures that the risk management and internal control processes of Straker are regularly evaluated and the effectiveness of these processes will be continually improved through review by the Audit and Risk Management Committee, and by the board of directors of Straker.

Where it considers necessary, Straker's board of directors will consider the recommendations of the external auditors and other external advisers in relation to Straker's financial reporting process and risk management framework, and appropriate action will be taken by the board of directors to ensure that key risks, as identified, are managed effectively.

The recommendations made by Straker's external auditors in their FY19 audit report in relation to systems and process improvements and risk management are being actioned by management and it is intended that progress will be evaluated by the Audit and Risk Management Committee in the second half of FY20.

Material exposure to risk
Straker's board of directors ensures that any material exposure of Straker to economic, environmental and social sustainability risks will be disclosed in accordance with the requirements of ASX Listing Rule 3.1.

The Board has considered the Company's exposure specifically to economic, environmental and social sustainability risks and has determined the following:

• *Economic Risks* - the business is exposed to general economic conditions. Specifically, material risks exist in relation to; competition and new technologies; reliance on key personnel; data loss, theft or corruption; technology platform failure; the impact of privacy laws and regulations; country specific risks in new unfamiliar markets;
• *Environmental risks* - there is no current material exposure to environmental risks; and
• *Social sustainability* - there is a material risk associated with crowd and remote workers, however, the Company has practices and processes in place to mitigate these risks.

Principle 8:
Remunerate fairly and responsibly

A listed entity should pay director remuneration sufficient to attract and retain high quality directors and design its executive remuneration to attract, retain and motivate high quality senior executives and to align their interests with the creation of value for security holders.

Nominations and Remuneration Committee
As outlined above (see Principle 2), Straker's Nominations and Remuneration Committee's principal function is the oversight of the remuneration strategies and policies of the company. Please see Principle 2 for further information on the membership structure and committee charter of Straker's Nominations and Remuneration Committee.

Corporate Governance Statement
for the year ended 31 March 2019

continued

Board review and determination of remuneration structures
Straker's board of directors reviews the overall remuneration structure and policies and will consider recommendations from the Nominations and Remuneration Committee. No individual director or senior executive is or will be involved in deciding his or her own remuneration.
The board of directors of Straker may seek the advice of external advisers from time to time in order to develop remuneration packages to retain and attract high quality non-executive directors and senior executives and encourage these directors and executives to pursue the growth and success of the entity without taking undue risks.

Straker's non-executive directors are paid by way of fees for services up to a maximum aggregate sum of $A600,000 per annum as approved by shareholders at the Company's Annual Meeting held on 25 September 2018. Only with prior shareholder approval in general meeting may fees be paid to non- executive directors in excess of this $A600,000 fee cap.

As at 31 March 2019, non-executive directors were paid $A50,000 per annum with the Chair receiving $A80,000 per annum. Grant Straker, who is an executive director, is not paid director's fees.

In addition, Straker's directors are entitled to participate in the Company's Employee Share Options Schemes, which require approval by shareholders before further option issuances can be made to directors.

As at 31 March 2019, the following directors held options in Straker's legacy ESOP scheme:

- Grant Straker: 41,960 options issued at $NZ0.596
- Steve Donovan: 41,960 options issued at $NZ0.596
- Phil Norman: 41,960 options issued at $NZ0.596

On 26 September 2018, additional options were issued to directors in Straker's new, LTI ESOP scheme:

- Grant Straker: 300,000 options issued at $A1.51
- Phil Norman: 50,000 options issued at $A1.51
- Paul Wilson: 50,000 options issued at $A1.51
- Steve Donovan: 25,000 options issued at $A1.51
- Tim Williams: 25,000 options issued at $A1.51
- Katrina Johnson: 25,000 options issued at $A1.51

Straker's executive director and other senior executives are paid by way of cash salaries and in relation to the year ending 31 March 2019 and are entitled to participate in a bonus pool of $NZ210,250 to be paid at the discretion of the Board based on criteria related to the success of the IPO, the capital raising undertaken at the time of the IPO and the achievement of the pro-forma FY19 forecasts. The Company's CEO and Managing Director is paid $NZ290,000 per annum.

In addition, Straker's senior executives are entitled to participate in the Company's Employee Share Options Schemes.

Aligning remuneration and performance to the creation of value for shareholders
As at the year ended 31 March 2019, Straker had in place an employee share option plan (ESOP) entitling certain directors, senior executive staff and other employees to the issue of options over ordinary shares in Straker, according to the terms of the plan.

To ensure that Straker's incentive strategies are appropriate for an ASX listed entity and continue to align the interests of directors and senior executives with the creation of value for shareholders, Straker's board of directors has taken the following steps:

- retained the existing ESOP scheme that was in place prior to the IPO with some minor amendments to ensure compliance with the relevant ASX listing rule requirements (this old ESOP scheme will be grandfathered); and
- established a new ESOP scheme to provide long-term incentives for qualifying employees, senior executives and directors of Straker, under which options over the ordinary shares of Straker may be issued to such qualifying employees, senior executives and directors of Straker. The new ESOP scheme (which operates on substantially similar terms to the current ESOP scheme), was approved by Straker's board and shareholders and adopted shortly prior to Straker's listing on the ASX.

Under Straker's Securities Trading Policy, participants in either or both of Straker's ESOP schemes are not permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risks of participating in the relevant scheme (or schemes, as the case may be).

Any options offered to directors and/or senior executives after Straker is listed on the ASX will be subject to board and/or shareholder approval as required by applicable law, the ASX listing rules and Straker's constitution.

Straker Translations and Group Additional Disclosures

FOR THE YEAR ENDED 31 MARCH 2019

Additional Disclosures

As required under s(211) of the Companies Act 1993, the Company and Group disclose the following statutory information.

Entries made into the Companies Interests Register

Director	Relevant Interest	% of Ordinary Shares Owned 31 March 2019	% of Ordinary Shares Owned 31 March 2018
Stephen Donovan	Ordinary Shares	4.37%	4.44%
Katrina Johnson	Ordinary Shares	0.02%	-
Philip Norman	Ordinary Shares	0.10%	0.28%
Grant Straker	Ordinary Shares	13.90%	18.19%
Tim Williams	Ordinary Shares	0.22%	0.28%
Paul Wilson	Ordinary Shares	0.85%	0.37%

Number of Employees or ex-Employees, excluding Directors, who received benefits exceeding $100,000 during the year:

	No# of Employees
$100,000 to $120,000	4
$120,001 to $140,000	3
$140,001 to $160,000	2
$160,001 to $200,000	4
$200,001 to $240,000	3

Donations made

The Group made donations during the year of $nil (2018: nil).

Additional Disclosures

continued

Equity holdings of all Directors

24 May 2019

	Notes	Number of shares	Number of options
Non-executive Directors			
Stephen Donovan	1	2,423,760	66,960
Katrina Johnson		10,000	25,000
Philip Norman		50,000	91,960
Timothy Williams	2	114,760	25,000
Paul Wilson		250,000	50,000
Executive Directors			
Grant Straker	3	7,329,380	341,960

1 - included in Steve Donovan's shareholding, are 2,297,970 shares which are in escrow until the publication of Straker's half-year results dated 30 September 2019.
2 - included in Timothy William's shareholding, are 114,760 shares which are in escrow until the publication of Straker's half-year results dated 30 September 2019.
3 - included in Grant Straker's shareholding are 3,664,690 shares which are in escrow until the publication of Straker's half-year results dated 30 September 2019.
A further 3,664,690 shares are in escrow until the publication of Straker's half-year results dated 30 September 2020.

Entries recorded in the interests register

Straker maintains an Interests Register in accordance with the requirements of the Companies Act 1993 (New Zealand). The following are particulars of entries made in the Interests Register during FY19.

Additional Disclosures

continued

Directors' Interests

Directors disclosed the following relevant interests, or cessations of interest, in the following entities.

Director / Entity	Relationship
Stephen Donovan	
Buro Seating Limited	Director and shareholder
Dopast Holdings Limited	Director and shareholder
New Zealand Pure Dairy Products Limited	Director and shareholder
Canaveral Corner Limited	Director and shareholder
Purelac Dairy Limited	Director and shareholder
Purelac Brands Limited	Director and shareholder
Sherwood Country Limited	Trustee
Aritech Innovations Limited	Trustee
Aritech Investments Limited	Trustee
Radius Group Limited	Trustee
Allright Group Limited	Trustee
Advanced Customs Service Limited	Trustee
Viranda Holdings Limited	Director and shareholder
Katrina Johnson	
Uber Technologies, Inc	Share options holder
eBay Inc	Shareholder
The Allens Hub for Technology, Law and Innovation	Advisory board member
Paypal Holdings, Inc	Shareholder
Qbiotics Group Limited	Shareholder
Trade Me Group Limited*	Director
Phil Norman	
Plexure Group New Zealand Limited	Director and shareholder
Plexure Limited	Director
VMob IP Limited	Director
VMob Singapore Pte Ltd	Director
Activedocs Limited	Shareholder
Xero Limited	Shareholder
Loyalty New Zealand Limited	Director
UBNZ World Markets (NZ) Limited	Shareholder
iSport Federation Holdings Limited	Shareholder
Heyrex Limited	Shareholder
AUT Ventures Limited	Director
Nortek Management Services Limited	Director and shareholder
TruScreen Limited	Shareholder
MyWave Holdings Limited	Shareholder
Touchpoint Group Limited	Director
Atrax Group New Zealand Limited	Advisory board member
Bright Spark Innovations GP Limited	Director
Straker SaleCo Pty Ltd	Director and shareholder
Parallo Limited	Director

Director / Entity	Relationship
Grant Straker	
Xero Limited	Shareholder
Serko Limited	Shareholder
SLI Systems Limited	Shareholder
Bailador Technology Investments Limited	Shareholder
Ubco Limited	Shareholder
Timothy Williams	
90 Seconds TV Pte Limited	Director and shareholder
Donovan Group NZ Limited	Director and shareholder
Donovan Group International Limited	Director
Donovan Group Properties Limited	Director
Donovan Group Modular Limited	Director
Donovan Group Holdings Limited	Director
Technomancy Group Limited	Director and shareholder
The Icehouse Limited	Director
Shuttlerock Limited	Shareholder
Horizon Management Limited	Director
Remington Properties Limited	Shareholder
Photowonder New Zealand Limited	Director
Design Station Limited	Director
Firstwood Limited	Director
Spoke Network Limited	Director
Managwhai Village Development Limited	Director
Modern Building Product (2018) Limited	Director
T Williams Trustees Limited	Director
Kiwispan 2017 Limited	Director
Coresteel New Zealand Limited	Director
President's Bush Limited	Director and shareholder
Global Crop Traders Co Limited	Director
TWG General Partner Limited	Director and shareholder
Circular Plastics General Partner Limited	Director and shareholder
Home Research Limited	Director
Picsos Limited	Director
Our Home Direct General Partner Limited	Director
MBP Company Limited	Director
Paul Wilson	
Vita Group Limited	Director and shareholder
Royals Multisport Private Limited	Director
Stackla Pty Limited	Director
Online Ventures Pty Limited	Director
Bailador Technology Investments Limited	Director and shareholder
Bailador Investment Management Pty Limited	Director and shareholder
Peandel Pty Limited	Director and shareholder

* Resigned effective 8 May 2019, when Trade Me de-listed from ASX and NZX.

Additional Disclosures

continued

Share dealings of Directors

Directors disclosed the following acquisitions or disposals of relevant interests in Straker shares during the year. All dollar figures in this table are in Australian dollars.

Registered holder	Date of acquisition/ disposal	Consideration per share	Number of shares acquired/(disposed)
Katrina Johnson	22 October 2018	AUD 1.51	10,000
Philip Norman	22 October 2018	AUD 1.51	50,000
Paul Wilson	22 October 2018	AUD 1.51	250,000

Insurance

In accordance with the Companies Act 1993 (New Zealand), Straker has continued to insure its directors and officers (through renewal of its D&O insurance policy) against potential liability or costs incurred in any proceeding, except to the extent prohibited by law.

Deeds of Indemnity

Straker has provided Deeds of Indemnity to all Directors and Officers of Straker and its subsidiaries for potential liabilities and costs the may incur for acts or omissions in their capacity as Directors or Officers of Straker or its subsidiaries.

Remuneration disclosures

Information about Non-executive and Executive Directors remuneration is provided on page 64 of this report.

The total remuneration available to Non-Executive Directors is fixed by shareholders. Currently, the annual total aggregate non-executive directors' remuneration is capped at AUD 600,000 as approved by shareholders at the Annual General Meeting in September 2018.

Information regarding employee remuneration exceeding $100,000 per annum is presented on page 79 of the annual financial statements.

Shareholder information

The shareholder information set out below is current at 24 May 2019.

Issued capital

The total number of issued ordinary shares in Straker Translations Limited as at 24 May 2019 was 52,598,610, of which 17,901,833 are held in escrow at the date of this report.

Additional Disclosures

continued

Distribution of shareholding

Range	Number of holders	%	Ordinary shares	%
1 to 1,000	207	23.58	138,668	0.26
1,001 to 5,000	337	38.38	840,860	1.60
5,001 to 10,000	116	13.21	878,629	1.67
10,001 to 1,00,000	174	19.82	5,187,311	9.86
1,00,001 and over	44	5.01	45,553,142	86.61
Total	**878**	**100.00**	**52,598,610**	**100.00**

Un-marketable share parcels

Range	Number of holders	%	Ordinary shares	%
< AUD$500	24	2.73	7,481	0.01

Distribution of Share Options

Range	Number of holders	%	Ordinary shares	%
5,001 to 10,000	6	16.67	47832	2.08
10,001 to 100,000	24	66.67	829,999	
100,001 and over	6	17	1,416,713	61.74
Total	**36**	**100.00**	**2,294,544**	**100.00**

Options

There were 36 individuals holding a total of 2,294,544 unlisted options.

Additional Disclosures

continued

Substantial holdings and limitations on the acquisition of securities

Straker is a New Zealand incorporated and domiciled company listed on the Australian Securities Exchange (ASX). From a regulatory perspective, this means that while the ASX Listing Rules apply to Straker, certain provisions of the Australian Corporations Act 2001 (Cth) do not. Straker is not subject to chapters 6, 6A, 6B, and 6C of the Australian Corporations Act 2001 (Cth) dealing with the acquisition of its shares (including substantial holdings and takeovers). The Companies Act 1993 (New Zealand) applies to Straker, while certain provisions of the Financial Markets Conduct Act 2013 (New Zealand) do not.

There is no requirement on Straker's substantial shareholders to provide substantial holder notices to Straker. Straker is aware of the following substantial shareholders with a holding of 5% or greater:.

Name	Number of ordinary shares held	% of total issued capital
1. BAILADOR TECHNOLOGY INVESTMENTS LIMITED	7,404,201	14.08
2. GRANT & MERRYN STRAKER	7,329,380	13.93
3. SCOBIE WARD	3,013,060	5.73
4. LEONARD DOUGLAS LIGHT	2,882,290	5.48
Total substantial Shareholders	**20,628,931**	**39.2**

Key limitations on the acquisition of shares in Straker are imposed by the following legislation: Commerce Act 1986, Overseas Investment Act 2005 and Takeovers Act 1993, together with various regulations and codes promulgated under such legislation.

Top 20 holders

The names of the 20 largest holders of Straker's ordinary shares are set out below. (as at 24 May 2019)

Name	Number of ordinary shares held	% of total issued capital
1. BAILADOR TECHNOLOGY INVESTMENTS LIMITED	7,404,201	14.08
2. J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	4,195,140	7.98
3. ANGELINA I HUNTER & MERRYN J STRAKER & GRANT O STRAKER	4,163,470	7.92
4. ANGELINA I HUNTER & MERRYN J GOBLE & GRANT O STRAKER	3,165,910	6.02
5. FORSYTH BARR CUSTODIANS LIMITED	3,013,060	5.73
6. NATIONAL NOMINEES LIMITED	2,973,247	5.65
7. LEONARD DOUGLAS LIGHT	1,560,000	2.97
8. SANDRA DONOVAN & STEPHEN P DONOVAN & JULIE C ULLNESS	1,533,870	2.92
9. HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,476,827	2.81
10. SOUL PATTINSON	1,375,088	2.61
11. SKYONE FUND MANAGEMENT PTY LTD	1,324,504	2.52
12. NIMMO INVESTMENTS LIMITED	1,322,290	2.51
13. GLENDA LAURAINE BAILEY & IAN HAROLD BAILEY	1,306,540	2.48
14. TEA CUSTODIANS (MILFORD) LIMITED	1,049,000	1.99
15. DAVID SOWERBY	918,810	1.75
16. DOPAST HOLDINGS LIMITED	764,100	1.45
17. 8IP EMERGING COMPANIES LIMITED	731,480	1.39
18. MSG HOLDINGS PTY LIMITED	731,470	1.39
19. MERRILL LYNCH (AUSTRALIA) NOMINEES PTY LIMITED	643,705	1.22
20. DONALD EDWIN STRAKER	587,790	1.12
Top 20 holders of ordinary fully paid shares (total)	**40,240,502**	**76.50**
Other shareholders (balance on register)	12,358,108	23.50
Grand total	**52,598,610**	**100.00**

Additional Disclosures

continued

Voting rights

Straker has a single class of ordinary shares on issue. Where voting at a meeting of shareholders is by voice or a show of hands, every shareholder present in person, or by representative, has one vote. On a poll, every shareholder present in person, or by representative, has one vote for each fully paid ordinary share. In practice, Straker ensures that all resolutions at shareholder meetings are decided by poll rather on a show of hands. Share options carry no voting rights until they are fully exercised and converted into actual shares.

On market buy-back

There is no on-market buy-back for Straker shares.

Securities subject to voluntary escrow

Number of ordinary shares	Release date
9,780,288	28/05/2019
14,237,143	On release of HY2020 results to ASX
3,664,690	On release of HY2021 results to ASX

Use of cash assets

During the period since admission to the ASX on 22 October 2018 to 31 March 2019, the Company has used its cash and assets readily convertible to cash that it had at the time of ASX admission in a way consistent with its business objectives as set out in the prospectus dated 26 September 2018.

Matters of circumstance arisen since year-end

On 14 June 2019 Straker acquired On-Global Language Marketing S.L. On-Global is a specialised language services company headquartered in Spain with revenues for the year ended 31 March 2019 of $3 million.

Environmental issues

The Group is not affected by any significant environmental regulation in respect of its operations.

Company Directory
for the year ended 31 March 2019

Company Numbers	1008867 NZBN: 942 903 739 6718 ARBN: 628 707 399
Registered office	*New Zealand* C/o BDO Auckland Level 4 4 Graham Street Auckland 1010 New Zealand Ph +64 9 379 2950 *Australia* C/o PwC Australia One International Towers Watermans Quay Barangaroo Sydney New South Wales 2000 Australia Ph +61 2 8266 0000
Head Office Address and Principal Place of Business	Level 2, Building 3 61 Constellation Drive Rosedale Auckland 0632 New Zealand
Website	www.strakertranslations.com
Directors	Phil Norman (Chair) Grant Straker (Managing Director and Chief Executive Officer) Steve Donovan Katrina Johnson (appointed 3 July 2018) James Johnstone (resigned 21 September 2018) Tim Williams Paul Wilson
Company Secretary	Laura Newell Boardroom Pty Limited Level 12 Grosvenor Place 225 George Street Sydney, NSW 2000 Australia Phone: +61 2 9290 9600 www.boardroomlimited.com.au
Auditor	BDO Auckland Level 4 4 Graham Street Auckland 1010 New Zealand Phone: +64 9 379 2950 www.bdo.nz
Lawyers	Bell Gully Level 21 ANZ Centre 171 Featherston Street Wellington 6140 New Zealand Phone: +64 4 915 6800 www.bellgully.com Talbot Sayer Level 27 Riverside Centre 123 Eagle Street Brisbane Queensland 4001 Australia Phone: +61 7 3160 2900 www.talbotsayer.com.au
Bankers	ANZ Bank Bank of New Zealand National Australia Bank
Share Registrar	Link Market Services Limited Level 12 680 George Street Sydney, NSW 2000 Australia Phone: +61 2 8280 7100 www.linkmarketservices.com.au
Stock Exchange	Straker's shares are listed on the Australian Securities Exchange (ASX code: STG)

straker
TRANSLATIONS